



**REPUBLIC OF BULGARIA**  
Ministry of Finance

# EUROPE 2020: NATIONAL REFORM PROGRAMME

2013 UPDATE

April 2013  
Sofia, Bulgaria



# EUROPE 2020: NATIONAL REFORM PROGRAMME

**2013 UPDATE**

## Table of Contents

Introduction.....	9
1. Macroeconomic Outlook for the Period until 2020 .....	10
2. Implementation of 2012 Country-Specific Recommendations.....	13
2.1 Country-Specific Recommendation No. 1.....	13
2.2 Country-Specific Recommendation No. 2.....	16
2.3 Country-Specific Recommendation No. 3.....	16
2.4 Country-Specific Recommendation No. 4.....	21
2.5 Country-Specific Recommendation No. 5.....	24
2.6 Country-Specific Recommendation No. 6.....	27
2.7. Country-Specific Recommendation No. 7.....	28
3. Progress toward National Targets under the Europe 2020 Strategy .....	32
3.1 National Target concerning Employment .....	32
3.2 National Target concerning R&D .....	34
3.3 National targets concerning the Climate-Energy Package.....	36
3.4 National Target in Education .....	39
3.5. National Target: To reduce poverty and promote social inclusion.....	43
4. Additional Reform Measures and Use of Structural Funds.....	45
4.1. Additional Reform Measures .....	45
4.2 Use of the Structural and Cohesion Funds.....	47
4.3 Bulgaria’s Priorities concerning the European Structural and Investment Funds (ESI Funds) in the context of the Europe 2020 Strategy .....	49

## List of Tables

Table 1: Macroeconomic Projections .....	11
Table 2: Hospital payments in arrears .....	14
Table 3: Expected Impact from Operational Programmes and Key Macroeconomic Indicators for the period 2007-2015 .....	49

## List of Charts

Chart 1: Volume of Control Activity in Public Procurement .....	27
Chart 2: Prices of electricity for households and enterprises .....	29

## List of Text Boxes

Text Box 1: Projects for hospital equipment.....	14
Text Box 2: The labour market and minimum social security thresholds .....	18
Text Box 3: National Action Plan on Employment za 2013 (NAPE).....	32

## List of Annexes

Annex 1. Progress Report on Country-Specific Recommendations and Other Macro Structural Reforms in Pursuance of National Targets and Priorities set in the Europe 2020 Strategy.....	51
Annex 2. Absorbed and Contracted Funds for Financing Measures for Higher Growth and More Jobs, UMIS data as of 29.03.2013 (BG million).....	86

## List of Abbreviations

ASAASA	Agency for Social Assistance
ASED	Agency for Sustainable Energy Development
BEH	Bulgarian Energy Holding
BNB	Bulgarian National Bank
CCU	Central Coordination Unit
GRAO	Civil Registration and Administrative Services (General Directorate within the Ministry of Regional Development and Public Works)
CAP	Code of Administrative Procedure
CCiP	Code of Civil Procedure
CCrP	Code of Criminal Procedure
CSF	Common Strategic Framework
CRC	Communications Regulation Commission
CCEUFM	Coordination Council for European Union Funds Management, with Bulgaria's Council of Ministers
ULC	Cost of labour per unit of output
CAR	Council for Administrative Reform
CoM	Council of Ministers
CSR 1	Country-Specific Recommendation 1: "Continue with sound fiscal policies to achieve the MTO by 2012. To this end, implement the budgetary strategy as envisaged, ensuring compliance with the expenditure benchmark, and stand ready to take additional measures in case risks to the budgetary scenario materialise. Strengthen efforts to enhance the quality of public spending, particularly in the education and health sectors and implement a comprehensive tax-compliance strategy to further improve tax revenue and address the shadow economy. Further improve the contents of the medium-term budgetary framework and the quality of the reporting system."
CSR 2	Country-Specific Recommendation 2: "Take further steps to reduce risks to the sustainability and to improve adequacy of the pension system by making the statutory retirement age the same for men and women with full career contributions. Introduce stricter criteria and controls for the allocation of invalidity pensions."
CSR 3	Country-Specific Recommendation 3: "Accelerate the implementation of the national Youth Employment Initiative. Ensure that the minimum thresholds for social security contributions do not discourage declared work. Step up efforts to improve the Public Employment Service's performance. To alleviate poverty, improve the effectiveness of social transfers and the access to quality social services for children and the elderly and implement the National Roma Integration Strategy."
CSR 4	Country-Specific Recommendation 4: "Speed up the reform of relevant legal acts on schools and higher education and of accompanying measures by focusing on modernising curricula, improving teacher training, and ensuring effective access to education for disadvantaged groups. Improve the access to finance for start-ups and SMEs, in particular those involved in innovative activities."
CSR 5	Country-Specific Recommendation 5: "Step up efforts to enhance administrative capacity and reforms by reducing red tape and the cost of tax compliance and collection, and further improving the absorption of EU funds, in particular in road and rail transport and water management. Improve the quality and independence of the judicial system and speed up the introduction of e-government. Strengthen public administrative capacity in key transport sectors and regulatory authorities."
CSR 6	Country-Specific Recommendation 6: "Ensure sound implementation of public procurement legislation. Strengthen the prevention of irregularities and effectively apply the sanctions under the Public Procurement Law and those of the Law on Conflict of Interest."

CSR 7	Country-Specific Recommendation 7: "Take measures to remove market barriers, guaranteed profit arrangements and price controls. Ensure the independence of transmission and distribution system operators; complete the market design in particular for the energy exchanges and balancing markets. Improve electricity and gas connections, boost energy efficiency and enhance the capacity to cope with disruptions."
CoM Decision	Decision of the Council of Ministers
CoM Decree	Decree of the Council of Ministers
DRG	Diagnosis related group
EQD	Educational Qualifications Degree
EA	Employment Agency
EERES Credit Facility	Energy Efficiency and Renewable Energy Sources Credit Facility
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ETS	European Emissions Trading Scheme
EIBA	European International Business Academy
EIB	European Investment Bank
EIF	European Investment Fund
EPO	European Patent Office
ESF	European Social Fund
ESI Funds	European Structural and Investment Funds
EU	European Union
FTPC	Family-type Placement Centre
FEC	Final Energy Consumption
FLSU	First Level Spending Unit
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GVA	Gross Value Added
HMSCCs	Homes for Medical and Social Child Care
IA	Impact Assessment
ICT	Information and Communication Technologies
IPURDs	Integrated Plans for Urban Recovery and Development
IBRD	International Bank for Reconstruction and Development
LBDs	Labour Bureau Directorates (within the Employment Agency)
LCS	Law on Civil Servants
LCC	Law on Climate Change Mitigation
LEG	Law on Electronic Government
LEP	Law on Employment Promotion
LE	Law on Energy
LEE	Law on Energy Efficiency
LERS	Law on Energy from Renewable Sources
LFA	Law on Family Allowances
LHE	Law on Higher Education
LIP	Law on Investment Promotion

LLARACEA	Law on Limiting Administrative Regulation and Administrative Control over Economic Activity
LNA	Law on Normative Acts
LPSSE	Law on Pre-School and School Education
LPCUPGSDC	Law on Providing Credits to Undergraduate and Post-Graduate Students and Doctoral Candidates
LPP	Law on Public Procurement
LSME	Law on Small and Medium-Sized Enterprises
LJ	Law on the Judiciary
LSBRB	Law on the State Budget of the Republic of Bulgaria
MSSIL	Minimum Social Security Income Levels
MEET	Ministry of Economy, Energy and Tourism
MEYS	Ministry of Education, Youth and Science
MF	Ministry of Finance
MH	Ministry of Health
MLSP	Ministry of Labour and Social Policy
MRDPW	Ministry of Regional Development and Public Works
MTITC	Ministry of Transport, Information Technologies and Communications
NAPE	National Action Plan on Employment
National Assembly	National Assembly (Bulgaria's Parliament)
NAMRB	National Association of Municipalities in the Republic of Bulgaria
NCPHA	National Centre for Public Health and Analyses
NEC	National Electric Company
NEMC	National Expert Medical Commission
NHIF	National Health Insurance Fund
NRP	National Reform Programme
NRA	National Revenue Agency
NSSI	National Social Security Institute
NSI	National Statistical Institute
NT 1	National Target 1: "Reaching 76% employment of the population aged 20-64 by 2020"
NT 2	National Target 2: "Investment in R&D in the amount of 1.5% of GDP"
NT 3	National Target 3: Climate-Energy Package: "Achieve a 16% share of renewable energy sources in the gross final consumption of energy, and increasing the energy efficiency by 25% by 2020"
NT 4	National Target 4: "11% share of the early school leavers by 2020 and a 36% share of the people aged 30-34 with higher education by 2020"
NT 5	National Target 5: "Reducing the number of people living in poverty by 260 thousand"
NULC	Nominal cost of labour per unit of output
OP	Operational Programme
OPAC	Operational Programme "Administrative Capacity"
OPDCBE	Operational Programme "Development of the Competitiveness of the Bulgarian Economy"
OPE	Operational Programme "Environment"
OPHRD	Operational Programme "Human Resource Development"

OPRD	Operational Programme “Regional Development”
OPT	Operational Programme “Transport”
pp.	percentage points
PSO	Power System Operator
PFIA	Public Financial Inspection Agency
PPP	Public Private Partnership
PPA	Public Procurement Agency
REER	Real Effective Exchange Rate
RES	Renewable Energy Sources, renewables
R&D	Research and Development
RDP	Rural Development Programme
SLC	Share of Labour Cost in Manufacturing
SLCM	Share of Labour Costs in Manufacturing
EAD	Single-Owner Joint-Stock Company
SMEs	Small and Medium-Sized Enterprises
SSC	Social Security Code
SEN	Special Educational Needs
SERs	State Educational Requirements
SEWRC	State Energy and Water Regulatory Commission
SG	State Gazette
SSSS	State Social Security Scheme
SCF	Structural and Cohesion Funds
SJC	Supreme Judicial Council
SNA	System of National Accounts
TOE	tonnes of oil equivalent
TBA	Total Built-up Area
TEN-T Corridor	Trans-European Transport Corridor
UMIS	Unified Management Information System (of funds under the EU structural instruments)
USPTO	US Patent and Trademark Office
WWTP	Waste Water Treatment Plant
***	
CL	Commercial Law
HICP	Harmonised Index of Consumer Prices
HRF	Housing Renovation Fund
JEREMIE	Joint European Resources for Micro to Medium Enterprises
SCMA	Statutes of the Council of Ministers and its Administration
TEMCS	Territorial Expert Medical Commissions
WTO	World Trade Organisation



# Introduction

**T**he 2013 update of the National Reform Programme (NRP) of the Republic of Bulgaria has been prepared within the framework of the 2013 European Semester and addresses the recommendations made in the EU Council conclusions of the 2013 Annual Growth Survey and the 2013 Alert Mechanism Report. This document reports the progress achieved in achieving the national targets set in 2011 in pursuit of the common EU targets of the Europe 2020 Strategy. Along with the Convergence Programme of the Republic of Bulgaria (2013–2016), NRP covers the measures and policies adopted by the Bulgarian government as a follow-up to the Council recommendations and opinion of 10 July 2012. The implementation of the NRP measures also delivers on the country's commitments under the Euro+ Pact for fostering competitiveness, employment and public finance sustainability.

At this stage, Bulgaria retains its national targets, and intends to carry out an interim assessment and a possible review of its targets in the mid-term of the span of the Europe 2020 Strategy. To achieve those targets, efforts continue to focus on priorities areas to enhance the competitiveness of young people on the labour market, improve the business climate and boost trust in government institutions. In 2012, reforms focused on reducing the size of the shadow economy and improving tax collection, reforming school education, implementing the e-government and the provision of public electronic services, and on reducing the administrative burden and improving oversight of public procurement. In 2013, significant progress is expected in terms of energy sector liberalisation, promoting employment through job creation and easing the hiring of unemployed job seekers, improvements in social services delivered to children and the elderly, and support for investments in SMEs and innovative enterprises. ▼

# 1. Macroeconomic Outlook for the Period until 2020

This NRP update is based on the 2013–2020 macroeconomic framework and potential growth estimates under a baseline scenario without any policy changes and assumptions for key external environment indicators of the European Commission (EC) and the Ministry of Finance (MF) valid as of mid March 2013. The baseline scenario applied in the Programme coincides with the one used in the 2013–2016 Convergence Programme of the Republic of Bulgaria.

Bulgaria's 2012 GDP growth was 0.8%, against 1.8% in 2011. The slowdown was largely due to a weaker external demand, which led to a decline in Bulgarian exports in real terms (0.4%) in comparison to 2011. Unlike 2010 and 2011, when exports contributed positively to economic growth, in 2012, GDP growth was driven by domestic demand.

The 2013 scenario for Bulgaria's economic development is based on two key assumptions. Firstly, the slowdown in domestic demand growth which was observed at the end of 2012 will continue well into early 2013. Secondly, based on EC forecasts<sup>1</sup> for a recovering growth in the European economies in the second half of this year, we expect exports of Bulgarian goods and services to pick up.

The continuing decrease in the number of people employed in 2013 and the lower wage growth will have negative impact on consumption. Real increase of household expenditures is projected at almost 1 pp. below its 2012 level. The economic growth is expected to reach 1% in 2013.

In the next years, following a reversal in the negative trends in the labour market and increased consumer confidence, consumer expenditure is expected to pick up and accelerate smoothly, while the postponed investment projects will proceed, thus accelerating investment flows in the economy. For the period 2014–2016, GDP growth is expected to go up at a faster pace, driven by both domestic demand and exports.

By 2020, the economic growth rate is expected to slow down gradually, with the average growth rate for the period 2017–2020 projected at 2.2%. One deterrent to GDP increase will come from the manifestation of the negative demographic trends of the decreasing working-age population and its consequent impact on labour supply. The latter will restrict the economy's growth potential, as the expected increase in labour force participation will be unable to offset the demographic developments.

---

1 Winter forecast by the European Commission, February 2013.

Table 1: Macroeconomic Projections

	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP, real growth,%	0.8	1.0	1.8	2.9	3.4	3.0	2.0	2.0	1.7
GDP deflator, %	2.2	2.0	2.4	2.2	2.2	2.0	2.0	2.0	2.0
GDP per capita, in BGN	10600	10764	11283	11932	12692	13422	14057	14724	15387
Inflation, annual average, %	2.4	1.8	2.7	2.6	2.6	2.0	2.0	2.0	2.0
Compensation per employee, nominal growth, %	5.0	4.8	5.5	5.7	6.0	4.5	4.9	4.8	4.8
Unemployment rate, %	12.3	13.0	12.8	12.4	11.8	10.7	10.2	9.8	9.4

Source: MF

Risks associated with economic growth in Bulgaria are largely dependent on the external environment. A possible deepening of the economic downturn in the EU in 2013 and a postponement of the recovery to 2014 would have a direct negative effect on exports and an indirect effect on consumption and foreign direct investment.

It is expected that in 2013 the number of people employed will continue to decrease and the unemployment rate will keep increasing. The annual average decrease in employment will be 2.4%<sup>2</sup>. In 2014, the employment rate is expected to flatten gradually, registering a modest annual average increase of 0.4%, and unemployment is expected to go down to 12.8%. A more tangible improvement in labour market indicators is expected in 2015 and 2016, when the increase in economic activity will translate into a faster increase in the number of people employed and decline in unemployment. The moderate increase in the employment rate during those two years will be accompanied by a higher growth in labour productivity, and the latter is expected to speed up to 2.2-2.3% over the two final years before the end of the programme period.

The expected high unemployment levels will continue to act as a deterrent to increasing wage growth rates. Those will grow at a moderate rate of about 4.5-6% in nominal terms over the period 2013-2016, and the gradual increase in the demand for labour will result in a gradual increase in the contribution of compensations of employed persons into GDP. The dynamics of wages over the next three years will exhibit a slightly faster rate of increase than that of labour productivity, yet these indicators will move at similar rates and that will not impact negatively the economy's competitiveness.

The annual average inflation is expected to slow down to 1.8% in 2013, and then accelerate to 2.6-2.7% over the period 2014–2016. In the coming years, there is no increase expected in international commodity prices denominated in U.S. dollars and, assuming a stable euro, inflation is not predicted to accelerate due to external factors. With the economic recovery, higher relative consumer prices for services in comparison with those of foods and non-foods goods are expected.

Administrated prices are expected to contribute only slightly (around 0.1-0.2 pp.) to the overall inflation in the period 2014–2016. The tax policy is not expected to have an impact

<sup>2</sup> Based on the definition of employment used in the System of National Accounts, SNA.

on the dynamics of consumer prices, since the harmonisation of excise rates with the EU minimum levels has already been completed.

In 2013, the current account balance will improve since the slowdown in domestic demand will translate into a more moderate increase in imports. With accelerated increases in consumption and investment as from 2014, expectations are that the current account deficit will go up moderately in the mid-term, to reach 3.4% of GDP at the end of 2016. The trade balance will remain negative, yet will be almost entirely offset by the surplus in transfers, primarily from the EU, and by the positive balance of services which, over the period 2013–2016, will exceed 5.5% of GDP. Expectations are for a growth in travel receipts, while the revival in the import of goods, which will boost the import of transport services as well, will have a deterring effect on the increase of services surplus.

FDI will remain low compared to the pre-crisis period and will go up to 4.4% of GDP in 2016, providing for a full cover of the current account deficit. At the same time, due to the comparatively high liquidity maintained by banks, no large financial inflows will be observed in the sector in the mid-term. The contribution of the net portfolio investment to the financial account will be determined by payment of sovereign debt in global bonds maturing in 2013, 2015 and 2017. ▼

## 2. Implementation of 2012 Country-Specific Recommendations

On 10 July 2012, the Council issued seven specific recommendations to Bulgaria. These concerned the quality and sustainability of public finance (CSRs 1 and 2), employment and social inclusion (CSR 3), competitiveness through education and support for innovative SMEs (CSR 4), strengthening the administrative capacity (CSR 5), public procurement controls (CSR 6), and liberalisation and efficiency of the energy sector (CSR 7). Bulgaria undertakes measures to address those recommendations as well, as reported in Annex 1 of this programme. In the process of monitoring and coordination of economic policies in the EU, Bulgaria provided interim, on-going information concerning the implementation of the Council recommendations in two bilateral meetings with the European Commission held on 10 October 2012 and 6 February 2013.

Information concerning the measures undertaken in the implementation of CSR 1 and CSR 2 can also be found in the 2013–2016 Convergence Programme of the Republic of Bulgaria.

### 2.1 Country-Specific Recommendation No. 1

#### — Enhance the quality of public spending

According to Eurostat data, Bulgaria's public spending in the health sector as a percentage of GDP is not as high in comparison to the EU average but its rate of increase in the period 2007–2011 is the highest in comparison to the rest of the EU<sup>3</sup>. At the end of 2011, public spending in the health sector as a share of GDP per capita in Bulgaria was relatively high compared to other EU Member States.

Along with the upward trend in spending in recent years, there are positive indications concerning the health status of the population. There is a significant drop in infant mortality rate<sup>4</sup>, from more than 12 ‰ in 2002–2003 to 8.5 ‰ in 2011. The average life expectancy of the population at birth is up from 71.9 years in 2001–2002 to 73.8 years in 2011, or an increase of 1.9 years for men and 2 years for women. Also, there is a decline in mortality rates in the most significant group of diseases, the cardio-vascular diseases.

Nevertheless, the health sector continues to face serious challenges in terms of the financial condition of hospitals, health service quality, technical equipment and staffing.

---

<sup>3</sup> Source: Eurostat.

<sup>4</sup> Mortality of children aged 1 year or less in every 1000 born alive.

To improve the efficiency of health spending, priority is given to the following key areas:

— **Optimizing hospital costs**

In line with the National Health Strategy (2008-2013) and its Action Plan<sup>5</sup>, and the National Concept Paper on Restructuring the Hospital Care System<sup>6</sup> (Measure CSR1 – A3), in 2012, efforts continued for developing, of general hospitals in the various administrative districts and planning regions (Euro-regions), encouraging of the restructuring and transformation of medical care establishments in line with the needs of the population in the region, avoiding duplication of organisational structures, planning based on the need to include new hospitals wishing to operate with public funds, depending on the requirements of each region. As a result of the restructuring, financing from NHIF funds is provided on the basis of a set of criteria for quality of hospital activities. Enhanced control for the financial condition of hospitals and the restructuring of the hospital sector has helped reduce payments in arrears in state-owned and municipal hospitals from their respective levels in 2010 and 2011.

Table 2: Hospital payments in arrears (in BGN thousands)

	DEC 2009	DEC 2010	DEC 2011	DEC 2012	JAN 2013
State hospitals (companies)	47 687	57 573	46 697	45 921	48 949
Municipal hospitals (companies)	25 725	32 556	32 682	31 229	31 638
Hospitals owned by government institutions (Military Medical Academy, Hospital of Ministry of Interior, Transport Hospital, Lozenets Hospital)	50 500	73 441	87 181	66 038	67 270
TOTAL	123 912	163 570	166 560	143 188	147 857

Source: MF

To improve the technical equipment available at hospitals and the quality of service provision, projects for the procurement of equipment and for rehabilitation works of buildings of municipal and state-owned hospitals which were approved last year will be implemented in 2013 (see Text Box 1).

Text Box 1: Projects for Hospital Equipment

In 2012, project proposals for equipment and rehabilitation works were approved for 10 state-owned general hospitals for early diagnostics of oncologic diseases (the General Hospitals for Active Treatment in Ruse, Montana, Veliko Turnovo, Sliven, Blagoevgrad, Burgas, Smolyan and Kardzhali; the University General Hospitals for Active Treatment in Plovdiv and Pleven), 3 medical care establishments for treatment of oncologic diseases (the Alexandrovska University General Hospital for Active Treatment, the Sofia Specialised Hospital for Active Oncology Treatment, and the Varna University General Hospital for Active Treatment), 10 Oncology Centres with municipal ownership (in Sofia, Vratsa, Stara Zagora, Haskovo, Plovdiv, Rousse, Shoumen, Veliko Turnovo, Blagoevgrad and Bourgas), 9 municipal general hospitals in municipalities within certain administrative regions (Lom, Kazanluk, Samokov, Gotse Delchev, Svishtov, Balchik, Velingrad, Karlovo, Sandanski) and 7 municipal medical care establishments needing to be restructured, to develop services and offer post-

5 Published in SG No. 107 of 16 December 2008.

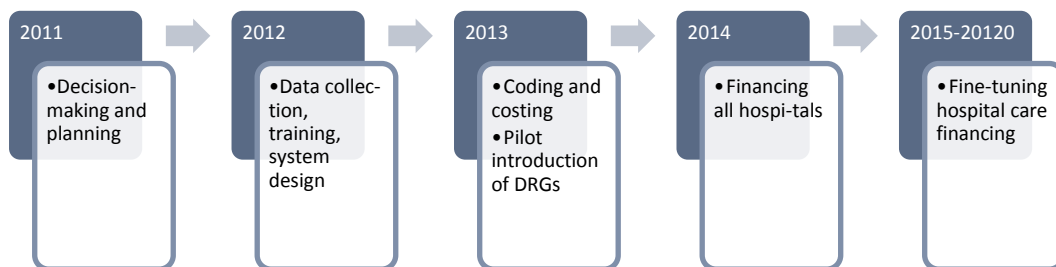
6 The Concept Paper has been produced on the basis of a Master Plan developed by the World Bank and containing suggestions for restructuring hospital care.

acute (Byala, Omourtag, Etropole, Svilengrad, Teteven, Razlog, Toutrakan). In addition, financing has been secured for the deinstitutionalisation of 8 HMSCC.

Projects for state-owned medical care establishments amount to BGN 147.1 million, and estimates for municipal medical care establishments are in the amount of BGN 139.4 million. The expected effect from the rehabilitation of medical care establishments will have a direct impact on over 4.4 million people.

Hospital costs will be substantially optimized through the introduction of a new hospital care pricing model based on the use of diagnosis-related groups (DRGs) in pricing hospital services (*Measure CSR1-A2*). A Road Map for Introducing DRGs (*see Figure 1*) was adopted in 2012, and a Monitoring Committee for the introduction of DRGs was set up. The Committee consists of representatives of MH, MF, NHIF and NCPHA, and will oversee the introduction and fine-tuning of the new model for financing hospital care by 2020.

Figure 1: Road Map for Introducing a New Hospital Care Pricing Model



Source: MH

In 2012, the NHIF information system was upgraded and linked to NRA and GRAO, thus enabling oversight for the health insurance status and identity of each patient. In early 2013, the DRG-grouper of data processed for 2011 became operational. It contains 1 500 000 entries of patients in-patient episodes. The relative weights and costs associated with each DRG<sup>7</sup> for 2011 have been calculated. In 2013, the data flow coming into the system will be extended and the capacity of the central subsystem to process on-going medical statistical data for hospital reporting purposes will be enhanced. In early March 2013, regulations were adopted concerning statistical information which medical care establishments working with the National Health Insurance Fund will be required to report to the health authorities upon request<sup>8</sup>. Expectations are that the introduction of DRGs will be completed by 2015.

#### — Improvement of prevention and and early diagnostics

To improve disease prevention, efforts are underway to set up an information system and a screening register, and to launch awareness campaigns (*Measure CSR1-A1*). In the framework of a screening programme for diagnostics and treatment at preclinical and early stages of patients with cervical and breast cancer for women and colorectal carcinoma for both men and women, 13.9% of the target group received immunisation as of the end of 2012.

7 The relative weight of a DRG is its weight relative to all other groups. A relative weight is a number without any dimension which signifies the relative cost per patient as a ratio to the average.

8 Ordinance No. 1 of 27 February 2013 published in SG No. 24 of 12 March 2013.

Awareness raising and prevention campaigns are held for AIDS, tuberculosis and chronic non-communicable diseases.

#### — **Development of e-healthcare**

The introduction of e-healthcare (*Measure CSR1-A5*) will provide the patients with access to quality health services, thus improving value-for-money in health spending. The process began in 2012 with the development of electronic birth registers<sup>9</sup> and of invasive cardiology procedures as well as with various activities associated with the development of electronic registers of medical devices and of patients with certain diseases such as persons with mental disorders. In 2013, the integrated system for data collection and processing at the national level will be completed. This integrated information system will enable the exchange of information in real time. It will gather data about health services provided, the number of patients serviced, and the cost of diagnostics and treatment.

#### — **Human resource management in healthcare**

Since 2012, projects under OPHRD provide training and specialisation opportunities to healthcare professionals (*Measure CSR1-A6*). The PITEC (Practical Introduction to Treatment of Emergency Conditions) project provided training to 1500 doctors, nurses and ambulance drivers from 28 emergency centres. By the end of 2013, the total number of trainees will reach 6 000. Under the project “New opportunities for medical doctors in Bulgaria”, 1000 medical professionals will receive training in support of acquiring a specialisation qualification by the end of 2014. In 2013, MH will work in conjunction with medical schools to draft new legislation to introduce new management practices related to the procedures for acquiring a specialisation qualification in healthcare, which will enable a significant increase in the number of specialising MDs.

## **2.2 Country-Specific Recommendation No. 2**

To optimize the granting of disability pensions, controls in the activity of TEMCs and NEMC and the use of financial resources by NSSI, NHIF, TEMCs and MLSP are being enhanced by developing a unified information system of medical expertise and a centralised register of citizens (*Measure CSR2-A1*). In 2013, a contract will be signed, software and computer hardware will be procured, and 600 people will be trained to operate the system. This measure will help significantly increase transparency of the process of disability certification and will shorten processing times in the granting disability benefits, allowances and pensions.

## **2.3 Country-Specific Recommendation No. 3**

#### — **Implementation of the National Youth Employment Initiative**

The main areas outlined in the National Initiative “Jobs for Young People in Bulgaria 2012 - 2013”<sup>10</sup> are to activate young jobless people, improve their competitiveness and facilitate their transition from education to employment. Its implementation is expected to bring

---

9 Ordinance No. 32 of 30.12.2008 concerning the adoption of Medical Standard "Obstetrics and Gynaecology "(Published in SG No. 6 of 23 January 2009, amended, SG No. 64 of 17 August 2010, amended, SG No. 95 of 3 December 2010, amended, SG No. 103 of 23 December 2011).

10 Transcript No. 12, CoM session held on 28 March 2012.



youth unemployment rate down to 23% and reduce youth inactivity to 19%<sup>11</sup>. Within that initiative, it is envisaged to propose certain legislative amendments (in 2013) to LEP and LC to regulate internships as a form of employment (*Measure CSR3 – A2*). The objective is to reduce the time young people remain jobless, and encourage the hiring of young people with primary education or lower and without any training qualifications to be trained on a specific job under the guidance of a mentor. A manual was developed, providing methodological guidance to labour intermediaries on working with unemployed young people aged 29 or under<sup>12</sup> who have registered with the labour offices. Individual action plans are developed for each participant. Case managers will work with the unemployed young people. A range of schemes<sup>13</sup> under OPHRD provide training for improving the skills qualifications and competences of young people, with the purpose of improving their employability, in view of the requirements of employers.

To support the transition of young people from education to employment, an agreement (“First Job”) was signed in 2012, between the Government and the social partners, for providing employment to unemployed people aged 29 or under. To encourage youth employment, a range of financial incentives are made available to employers such as reimbursement of salary costs and social security contributions for the persons hired, and under a OPHRD scheme to promote entrepreneurship, investment costs of up to BGN 20 thousand are reimbursable (*Measure CSR3 – A1*).

Various types of subsidised internships are available in both the real sector and in public administration. In 2012, almost 9 400 young people aged 29 or under have joined employment and training schemes under programmes and encouragement measures in the framework of NAPE 2012, and over 33 000 took part in OPHRD schemes. As a result of the 40 youth employment fairs held in 2012, 1 900 young people found jobs, and over 1 200 were registered with labour offices.

In implementing the National Initiative, on 9 July 2012 MEYS and MLSP signed an agreement to exchange information on early school leavers and young people who have completed their secondary-school or higher education and who have not found a job on one side, and on job vacancies posted by EA on the other. As a result of the cooperation between the two institutions, timely support for young people who are not in employment, education or training (NEET) will be delivered more adequately, and this will support Bulgaria’s efforts to join the EU Youth Guarantee Initiative.

In 2013, the state budget has BGN 16.4 million allocated to education, training and employment support for unemployed young people, including in the form of internships and apprenticeships under targeted measures and programmes (BGN 6.5 million more than the funding originally planned in NAPE 2013), with another BGN 36.3 million allocated in the framework of OPHRD. In 2013, employment measures, programmes and schemes will include over 8 600 young people, with over 1 400 to be included in education and training, and about 30 000 will be assisted in finding a job on the primary labour market, compared to a

---

11 The target group of the initiative are unemployed or inactive young people aged up to 29, including young people in the 15 – 24 age group.

12 Adopted under Annex No. 1 to Order No. RD01-765 dated 21.09.2012.

13 Schemes: “First Job”, “New Job”, “Adult Literacy”, “Development”, “Increasing youth employment by long-term inclusion in the labour market”, “Take Your Life in Your Own Hands”.

monthly average of 74 779 young people aged 29 or under registered with labour offices in 2012.

### — Minimum Social Security Income levels

The system of Minimum Social Security Income Levels (MSSILs) aims to improve the collection rate of social security contributions, to enlighten certain payments which are *de facto* wages, and support the long-term sustainability of the pension system and the capacity to pay out adequate pensions in the future. For 2013, according to the agreements signed between nationally representative organisations of employers and of workers, the average increase in MSSILs by economic activity and by profession group is 4.54%. Those agreements cover 58 economic activities employing 1.380 million people with social security contributions (or 73.37% of the total number of persons covered by social security)<sup>14</sup>. In 2012, for the first time since the system was introduced (in 2003), MSSILs was not increased in sectors for which no agreement was reached<sup>15</sup>. In 2012, MLSP conducted a pilot survey to assess the requirements of employers in terms of labour force qualifications (*Measure CSR3 – C2*), and almost 73% of the employers who responded to the questionnaire stated that the establishment of MSSILs is not a barrier to hiring a given worker.

In following up on the Council recommendation concerning macroeconomic imbalances, an inter-institutional working group was set up with MLSP in January 2013. Participants include representatives of the social partners as well. The working group has the aim to study the effect of the system of minimum social security thresholds on the employment. (*Measure CSR3-B1*).

#### Text Box 2: The Labour Market and Minimum Social Security Thresholds

The Ministry of Finance carried out an analysis to find out the extent to which the development of the labour market is the result of the economic cycle and whether the increase in the minimum social security thresholds has had an adverse effect on the employment rate through an increase in labour costs. The focus was on three economic sectors (manufacturing, construction and the aggregate sector of trade, transport, accommodation and food service activities) which were hit hardest in terms of employment in the current period of economic crisis. The main conclusions of the analysis indicated a strong influence of economic activity on changes in employment, and a slight negative influence of wage dynamics on changes in employment typical for all three economic activities. At the same time, labour costs and their dynamics tend to adapt to economic conditions, and the relatively high growth in compensations per worker largely reflects the restructuring of the employment with a shift toward the more highly skilled employment. Over the years of the present crisis, a weak negative influence was observed from the increase in minimum income levels for low-skilled workers on the dynamics of persons covered by social security schemes from the various economic activities. A more significant negative dependency was observed in regional terms, between the change in the ratio between minimum income levels and the average wages, and the dynamics in the people employed, where in areas with an increase in the minimum threshold/average wages ratio above the national aver-

14 According to data provided by MLSP

15 The MSSIL system has been applied since 2003. In principle, in the absence of an agreement between employers and trade unions, the rule is for the government to impose an administrative increase of MSSILs, and in most years such increases have amounted to the average increase adopted in sectors for which agreements had been reached.

age, the decrease in the number of people employed also tends to exceed the average for the economy as a whole, with certain exceptions.

The higher unemployment rates in some of the regions in Bulgaria find themselves under the additional influence of the negative dynamics in labour force.

#### — **Improvement in the performance of the Employment Agency (EA)**

2012 saw an improvement in the access to public services concerning employment, which are provided by the labour offices. One hundred and eight terminals for servicing the unemployed and for the provision of services to inactive persons, including discouraged persons, were set up. In addition, the number of labour mediators in EA grew in 2012 to 432, 82 of whom are Roma mediators. The number of labour intermediaries in labour offices working with the unemployed in 2012 was 790. Over the year, 72 employment fairs were organised and held, with 6 363 persons finding a job, of which 4 358 had been registered with the labour offices. One of the objectives of the regional employment fairs is to activate the inactive persons, including the discouraged persons (*Measure CSR3–C1*). Special attention is paid to servicing unemployed persons by mobile teams operating out of the local employment offices, with 476 on-site working stations set up in small towns and villages. To improve the quality of EA services, training was offered to 1 997 EA staff members (83% of the total number of staff) on how to work with vulnerable groups. The one-stop shop approach was introduced in 46 LBDs (47% of all LBDs). By the end of 2015, all 98 of the LBDs will be working as one-stop shops (*Measure CSR3 – C1*).

In 2013, 120 thousand unemployed persons are expected to find a job on the primary labour market via the labour offices, against 110.5 thousand in 2012 and 103 thousand in 2011<sup>16</sup>. The contribution of EA in the hiring of job-seekers grew from 26.1% in the first nine months of 2011 to 28.7% for the same period in 2012.

#### — **Improvement of the effectiveness of social payments**

In 2012, BGN 157.2 million was paid out in social payments to people with disabilities, and BGN 490.1 million was transferred to assist families with children.

In view of the growing number of persons living in poverty as a result of the high unemployment rates, improvements in the effectiveness of social payments in 2012 focused on simplifying access to the social assistance system for the most disadvantaged, people with disabilities, the long-term unemployed and families with children (*Measure CSR3 – D1*).

At the same time, the eligibility of income threshold for certain types of special-purpose monthly benefits (such as the allowance for payment of rent for tenants of municipal housing) went up from 150 to 250 per cent of the differentiated minimum income. Access to social assistance for families with children has been facilitated through amendments to LFA. These include the introduction of a simplified procedure without any income-related eligibility criteria for one-off assistance payment for school students: for a child with one surviving parent, and for children with long-term disabilities<sup>17</sup>; and also for the monthly child allowance until completion of secondary education, but not later than the age of 20, and monthly

---

<sup>16</sup> EA 2012 Report.

<sup>17</sup> Adopted by the Law Amending FAA, published in SG No. 54 of 17.07.2012, effective as from 17.07.2012.

benefits for raising children until they are one year old for children with one surviving parent<sup>18</sup>. The amendments include:

- For a child who has completed his/her secondary education before completing his/her 18<sup>th</sup> year, provided the remaining eligibility conditions are also met, a monthly allowance shall be paid until he/she reaches the legal age.
- For a child, until completion of secondary education, but not later than the age of 20, it shall no longer be required to present a certificate from a school in order to be eligible for a monthly allowance.

— **Access to quality social services for children and the elderly**

Over the past two years, the policy of providing support to children and families has been focused on the introduction of a completely new approach to child care, aiming at prevention, early intervention, support for families and ensuring a family or family-type environment for every Bulgarian child. The deinstitutionalisation of care for children at risk (*Measure CSR3–E3*) is a major tool for achieving these objectives. The development of services for children with disabilities aged 3+ began in 2012<sup>19</sup>. It is expected that before the end of 2013 77 services will be launched, and by 2015 their number will total 194. Four hundred social workers have been recruited in all Social Assistance Directorates of ASA. Training will be delivered to the experts and social workers in the Child Protection Departments and Departments for People with Disabilities and Social Services. Ninety-one towns and villages have been identified to host a total of 120 community-based social services for persons aged 3+ who are leaving the Homes for Children Deprived of Parental Care, people with physical disabilities and mental disorders. Service provision should start before the end of 2014. As of mid-March, 2013, the number of children placed in foster care has reached 328, and 2 482 children have been assessed for placement purposes, and another 300 children will be placed with foster families before the end of 2013.

In addition to social services for children at risk, measures are underway to improve access to quality services for all children. The development of integrated service centres for early child development for children between 0 and 7 years of age began in 69 municipalities (*Measure CSR3–E2*) in late 2012.

In 2012, the number of social services provided to the elderly grew to 543 (162 specialised institutions for the elderly and 381 community-based social services), and the number of people covered by those services reached 18 707. A National Strategy for Long-Term Care will be drafted in 2013, aimed at expanding the social service network by launching new community-based social services for long-term care, deinstitutionalisation of care for the elderly and people with disabilities, and promoting synergies between health and social services (*Measure CSR3–E4*).

---

18 Law Amending LFA, published in SG No. 54 of 2012, effective as from 1 January 2013.

19 In the framework of Project “Childhood for All”, one of the five projects under the National Strategy “Vision for Deinstitutionalization of the Children in the Republic of Bulgaria.

### – Roma integration

An analysis of Action Plans for the implementation of Bulgaria's National Strategy for Roma Integration (2012-2020) will be carried out over the period March - May 2013. It will identify topics to be included in the new operational programmes in the next programming period, 2014-2020. Between May and December, 2013 municipal Action Plans for Roma integration for the period until 2020 will be developed, aimed at adopting an integrated approach to the social inclusion of the Roma (*Measure CSR3 –F1*).

## 2.4 Country-Specific Recommendation No. 4

### – Legislative amendments in pre-school and school education

Bulgaria is implementing a large-scale reform in school and pre-school education aimed at modernising the model of delivery of educational services to the public, and hence improving the general level of education. The reform is necessary both in order to boost the productivity and competitiveness of Bulgarian economy, and by way of responding to the long-term challenges of an aging population and the better utilisation of labour potential.

The new Law on Pre-School and School Education (LPSSE)<sup>20</sup> is expected to be passed in the second half of 2013 and its implementation would then commence as early as in the 2013/2014 school year. Some of its provisions will take force at a later date (for instance, the introduction of obligatory pre-school training from age 4 would be effective as from the 2016/2017 school year). Secondary legislation should take effect within 6 months following the adoption of the law. The process of drafting the relevant secondary legislation ran parallel to the work on the new law itself, and 12<sup>th</sup> state educational standards (*Measure CSR4–A1*) have been developed, state educational requirements have been improved, new curricula have been developed (*Measure CSR4–B1*), as well as 50 syllabi for state matriculation.

Twenty pieces of legislation will be brought into compliance with the new LPSSE<sup>21</sup>, including the Law on Vocational Education and Training. Amendments to the Law on Vocational Education and Training, which are also at the stage of public discussion<sup>22</sup> and are also scheduled to become effective as from the 2013/2014 school year, will introduce legal regulation enabling the implementation of EU instruments identified in the recommendations of the European Parliament and the Council concerning ensuring quality of vocational education and training, validation of non-formal and informal learning and credit transfer and accumulation in the system of vocational education and training.

Investments required for the deployment of the new educational structure will be financed from the state budget and from ESF through earmarking of funds.

---

<sup>20</sup> The law was debated at a second reading at the National Assembly in February 2013, and is expected to be adopted once the new parliament is constituted.

<sup>21</sup> The Labour Code, Law on Religious Denominations, Law on Local Taxes and Fees, Law on Physical Education and Sport, Law on Defence and the Armed Forces of the Republic of Bulgaria, Law on Tourism, Law on the Integration of People with Disabilities, Law on Value Added Tax, Law on Employment Promotion, Law on Road Traffic, Law on Corporate Income Taxation, Law on the Execution of Punishments and Detention, Law on Handicrafts, etc.

<sup>22</sup> The draft Law Amending the Law on Vocational Education and Training has been published on the MEYS website, and the public is encouraged to send their suggestions and opinions not later than 11 April 2013.

### – **Modernising curricula in secondary and higher education**

Modernisation of curricula in primary and general education<sup>23</sup> at secondary schools is carried out through the secondary legislation implementing the new LPSSE (*Measure CSR4–A1*). It is underpinned by the outcomes of the annual external assessment at each educational stage and is in compliance with the European reference framework of key competences.

To modernise curricula and syllabi in secondary vocational education, 80 ordinances concerning SERs for qualifications by profession, 21 syllabi and 129 curricula/study modules for new professions from the List of Professions in vocational education and training<sup>24</sup> were adopted in 2012. This is an on-going process and is performed when required by the level of activity and following a request from the business community reflecting a specific demand.

In 2012, a number of framework curricula for children with special educational needs, including for children with various types of disabilities, and cultural-educational programmes were approved.

In the area of higher education, a project was launched in 2012 with the goal to update curricula, aligning them with labour market demand. The project is financed under OPHRD. It is planned for at least 40 state-owned higher educational establishments<sup>25</sup> to adopt new curricula as from the 2014/2015 school year, which represents 80% coverage of all university students.

### – **Improvement of the qualifications of pedagogical specialists**

The application of the new educational structure and educational standards requires upgrading the qualifications of pedagogical specialists in kindergartens and schools. Under the Programme for Ensuring Quality in Pre-School and School Education, which is financed with BGN 28.2 million from the national budget<sup>26</sup>, an information register of approved training programmes for pedagogical specialists will be set up in 2013. By 2015, training requirements for pedagogical specialists will be introduced, and performance evaluation cards will be developed. For the 2011/2012 school year, 42% of all pedagogical specialists have received training in courses delivered under the programme.

In June 2012, a two-year collective bargaining contract was signed<sup>27</sup> between MEYS, the Union of Employers in primary and secondary education, and three trade unions of Bulgarian teachers, according to which at least 0.8% of the wage bill at schools is to be used for teacher training (*Measure CSR4–C1*).

The upgrade of qualifications of pedagogical specialists in alignment with the new educational structure will be financed also from, ESF-funded projects, and will cover a wide range of training courses for young specialists, specialists at newly created positions in the educational system, specialists in working in a multi-cultural environment, specialists who have

---

23 SERs concerning the body of knowledge and curricula for specialised training.

24 The List of Professions in vocational education and training was adopted in May 2003 and last amended in October 2009.

25 Higher education establishments and their units are defined in Article 25, paragraph 2 and paragraph 4 of LHE.

26 The 2013 LSBRB.

27 The collective bargaining agreement is valid for the 2012/2013 and 2013/2014 school years. Funding for teacher training is dealt with in Article 33 of the agreement.

achieved excellent results, specialists in working with children with special educational needs, etc. The actual start of the process was in April 2012, with the establishment of eligibility criteria and the enrolment procedure for inclusion in training courses, while training delivery will begin in May-June 2013. It is planned to include 53% of pre-school and school teachers in such training before the end of the programme in 2014.

— **Ensuring access to education for disadvantaged groups**

Equal access to education for disadvantaged groups is ensured through the provision of financial support to students, in accordance with the 2013 LSBRB and the three-annual budget framework. It includes the annual provision of textbooks free-of-charge to students with special educational needs (SEN), inclusion of children from ethnic minorities in “host” schools, and free commuting for children up to age 16 to state and municipal schools, in implementation of the National Programme “Optimizing the school network”. The total spending to be administered in 2013 under this programme for education inclusion amounts to BGN 39 million.

To improve the effectiveness of policies in support of children at risk, the Inclusive Education Project was launched using ESF funding. The project will conduct a screening test of 3-year olds in all kindergartens across the country (about 50 000 children) to identify children who may develop, or have developed, learning difficulties. Four hundred and seventy speech therapists and psychologist will be trained to perform the test, and following the screening, 25 kindergartens across the country will set up groups for children with SEN. Also within the project, 84 pilot schools across the country (3 schools in each of the 28 NUTS2 regions) will develop tools for inclusive education for children with disabilities as a part of the general education process in schools, and will provide the relevant equipment (*Measure CSR3-E3*).

— **Improve access to financing for SMEs and innovative start-ups in particular**

According to preliminary data, in 2012, the JEREMIE Bulgaria EAD Holding Fund<sup>28</sup>, which brings together funding from ERDF, national co-financing, funds from EIB and private investment, has made available BGN 174 million to SMEs in loan guarantees, and BGN 4.1 million in equity participation in start-ups. With the Guarantee Fund (a financial instrument providing guarantees on loan portfolios), 1 478 loans have been made and 25 start-ups have received support under the Entrepreneurship Acceleration and Seed Financing instrument. In October 2012<sup>29</sup>, the resources managed by the holding fund were increased by BGN 293.4 million to set up a new financial instrument for loan financing through risk sharing, where credit institutions will participate by providing with 50% in co-financing. Through the agreements signed with 4 banks<sup>30</sup>, more than 3 300 Bulgarian SMEs will have the opportunity to borrow at low interest rates and relaxed collateral requirements. The first loans under the new SME facility will be extended in the first quarter of 2013 and will con-

---

28 Solely owned by EIF, it manages the funds from the financial engineering instruments set up in 2011-2012, in the name and for the account of the Bulgarian government.

29 The transfer of additional funds is the result of an increase in the resources available under Priority Axis 3 of OPDCBE and the ratification by the National Assembly (published in SG No. 75 of 02.10.2012) of Agreements concerning the Amendment of the Framework Agreement and the Financial Agreement concerning the implementation of the JEREMIE Initiative in Bulgaria between the Bulgarian Government and the European Investment Fund.

30 The participation of the 4 banks amounts to BGN 254.3 million. More agreements are in the pipeline for 2013, so as the entire JEREMIE envelope can be used, i.e. up to BGN 293.4 million.

tinue until the end of 2015. It is expected that by the end of 2015, a total of BGN 1 687.9 million will be made available to SMEs under all financial instruments under the JEREMIE Initiative, and public financing accounts for about 40% of funding. (*Measure CSR4 – E1*)

Through LIP, Bulgarian and foreign investors can receive government support in the form of express administrative services, financial support for the development of the necessary infrastructure and for personnel training, the opportunity to acquire real property owned by the state or a municipality under more favourable conditions, and a package of incentive measures for priority investment projects. For high-tech activities and in regions with high unemployment, the thresholds for obtaining an investor class certificate are several times lower. In 2012, a total of 10 certificates were issued: 8 Class A certificates, 1 Class B certificate, and the first ever Priority Investment Project certificate. The overall amount of investments under these projects is BGN 814 million, creating 1350 permanent new jobs. Four of the projects certified are in high-tech manufacturing and services (BGN 61.2 million and 687 jobs). Three of the projects certified are implemented in high-unemployment municipalities (BGN 344.2 million and 712 jobs). Financial incentives provided under LIP amounted to BGN 4 million from the 2012 budget of MEET. In 2013, the law will be amended to expand the scope of activities eligible for support, more specifically – in the service sector (outsourcing in particular), and introduce a new encouragement measure for partial reimbursement of employer social security contributions over a certain period of time for jobs created as part of implementing the investment project.

The latest version of the draft for a Law on Innovations (*Measure NT2 - 1*) proposes a new structure for the implementation of the government's innovation policy, which will also facilitate access to financing for innovative enterprises. The draft comes as a follow-up on Bulgaria's commitments under the Euro Plus Pact for improving the competitiveness of the economy. It is currently at the public discussion stage, and could possibly be adopted by the National Assembly before the end of 2013. The draft law envisages to restructure MEET, setting up an Innovations Agency the chief task of which would be to provide advice to businesses on developing their innovation activities and administer public funds in the capacity of second-level spender of budget appropriations. Grant financing will be provided on a competitive basis under national and international programmes.

## 2.5 Country-Specific Recommendation No. 5

### – Enhancing administrative capacity and reducing red tape

In early 2013, the deployment of an integrated information system in public administration and improvement of human resource management in public administration (*Measure CSR5-A1*) began under several OPAC projects. By the end of 2014, a unified source of information will be set up, integrating the Administrative Register, the information system used to fill in report forms on the status of administration, a system containing the standardised names of administrative services and a system for self-assessment of administrative service provision. These will provide public transparency, monitoring and control of activities of the public administration.



### – Tax compliance and tax collection

The measures against the shadow economy set out in the 2013-2016 Convergence Programme of the Republic of Bulgaria address directly the issue of tax compliance and improving tax collection.

### – Quality and independence of the judicial system

The quality of the judicial system will be improved by:

- Introducing e-justice
- Resolving the problem of case overload of magistrates
- Streamlining bankruptcy proceedings and putting in place rules ensuring timely payment

The introduction of e-justice is based on the Concept Paper on E-Justice adopted at the end of 2012. Work has begun to set up a centralised e-justice portal (*Measure CSR5-B2*), which will ensure efficiency and transparency of the judicial system by providing real-time centralised and authorised access to the content of electronic case files, publication of e-communications and e-summons, fee payment, provision of e-services and access to standardised websites of the courts of law.

Legislative amendments (LJ<sup>31</sup>, CCiP, LEG, CAP and CCrP) have been drafted. These amendments introduce regulation of the exercise of procedural rights in electronic form and extend the scope of legally relevant actions and instruments. They provide the possibility for the court to issue rulings and perform all other procedural acts set out in the law electronically. It introduces legal norms enabling service of documents electronically to parties involved in criminal proceedings, upon their prior consent, with the exception of the accused, the defendant and the counsel for the defence. Six months after the law has been amended, it will be possible to have access to justice electronically, and three years after the adoption of the legal amendments, the bodies of the Judiciary will be working with a single centralised information system.

The drafted amendments to LJ also propose some substantial changes in terms of the status and caseload of judges, prosecutors and investigators, and those of the bodies of the judiciary (*Measure CSR5- B4*). The amendments include extending the remit of the SJC to analyse and report on the level of caseload, introduction of the concepts of “reasonable caseload” and “individual caseload”, and development of methods using which SJC can determine the caseload of magistrates and the judiciary bodies. Solving the issue of the caseload of magistrates will make it possible to shorten significantly the time necessary for issuing rulings and improve the quality of court rulings.

Amendments to the Commercial Law (CL) introduce restrictions in terms of bankruptcy in the case of commercial transactions in order to prevent any abuse and intentional loss or damage to *bona fide* creditors by way of an unreal pushback in time of the date of insolvency. It introduces an imperative legal restriction in terms of the definition of the so-called

---

31 CoM Decision No. 74 of 04.02.2013, introduced to the National Assembly.

“hardening period”<sup>32</sup>, a period during which certain actions and transactions may be declared null and void with respect to bankruptcy creditors. According to Article 646, paragraph 2 of CL, a certain range of actions and transactions performed by the debtor after the start date of insolvency or, respectively, overdraft, carried out within one year prior to filing the request under Article 625 may be declared null and void in terms of bankruptcy creditors. According to the provision in Article 647 of CL, time periods for declaring the nullity of a wide range of actions and transactions may range between 1 and 3 years (*Measure CSR5-B5*).

In connection with the upcoming discussions of amendments to Regulation (EC) 1346/2000 on insolvency proceedings, and additional amendments relating to reorganisation proceedings, a procedure has been initiated in order to set up an intergovernmental working party to conduct a review for possible additional amendments that might be needed in the regulation of bankruptcy.

In addition, amendments to CL transpose the requirements of Directive 2011/7/EU of the European Parliament and the Council of 16 February 2011 on combating late payment in commercial transactions. In line with Directive 2011/7/EU, the law provides for the existence of two regimes, discretionary and imperative, depending on the capacity of the debtor. Where a debtor in a commercial transaction is a public contracting authority, the parties may agree on a time period for making good on a cash liability not to exceed 30 days. By way of exception, a longer payment period may be agreed, where so required by the nature of the good or service, or for another important reason, provided that doing so does not constitute an evident abuse of the creditor’s best interest.

#### — Introduction of e-government

To introduce e-government, two comprehensive and integrated projects are underway under OPAC<sup>33</sup>, in the framework of which 30 main registers have been connected by March 2013, and over 100 electronic services for citizens and businesses will be launched by May 2013 (*Measure CSR5-D1*). Also, a register of electronic IDs and a user ID management system for users of electronic administrative services will be set up, to come live following the adoption of legal regulation of e-service provision. A centralised system for electronic public inquiries has been developed which will enable citizens and businesses to participate in real time in the process of decision-making, along with systems ensuring secure information storage. The upgrade of the national e-government portal with the addition of the Single Contact Point functionality has been completed, and by 2015 all stages of deployment will be completed, enabling the provision of electronic services in the meaning of the Law on Service Provision Activities.

In May 2013, two more OPAC projects will be launched, thus completing the integration of another 30 registers into the single information system and enabling the provision of another 200 services by electronic means. Some of the project activities will also support the process of setting up electronic municipal government (e-municipalities), which are intended to

---

32 The start date of insolvency is determined by the court of law following the request to open bankruptcy proceedings under Article 625 of CL (published in SG No. 32 of 2009).

33 Projects: “Development of administrative service provision by electronic means” and “Improvement of administrative user by upgrading the central e- government systems”.

integrate local administrations into the overall project for the introduction of e-government in Bulgaria (*Measure CSR5-D2*).

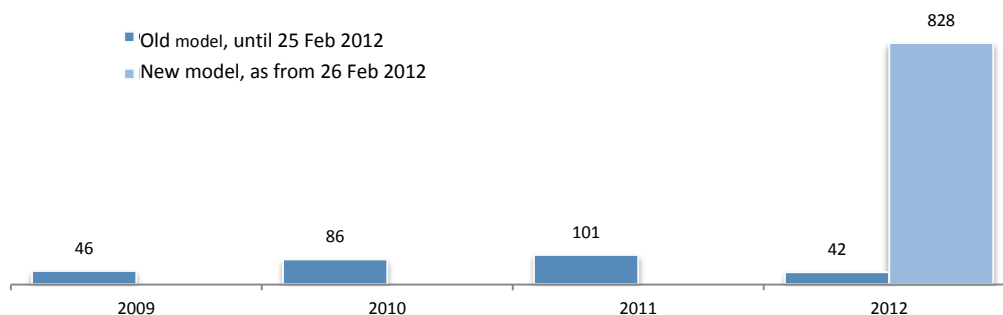
Amendments to LNA<sup>34</sup> introduce the obligation to publish legislative drafts prepared by executive government authorities in the Portal for public consultations<sup>35</sup> (*Measure CSR5-D3*). This will improve the dialogue between public administration and the public, ensuring the participation of stakeholders in the decision-making process.

## 2.6 Country-Specific Recommendation No. 6

### — Law enforcement in the public procurement area

Amendments to LPP<sup>36</sup> establish a number of safeguards to ensure the proper enforcement of legislation, the most significant change being in ex-ante control of public procurement procedures fully or partially financed with EU funds. Initial results following the introduction of the new model of ex-ante control indicate a considerable increase in the number of procedures checked. From 26 February 2012 to the end of 2012, 828 case files have been processed. To compare, during the controls performed from 1 January 2009 to 25 February 2012, checks were carried out on 275 draft tender documents for public procurement, or an average of about 90 cases per year.

Chart 1: Volume of Control Activity in Public Procurement



Source: PPA

To improve the efficiency of ex-ante control, the scope of control (in terms of public contracts and documents which are examined) and the speed of control execution have been changed, and a feed-back mechanism was set up. Control activities are implemented within the short deadlines defined in the law (14 days for Stage One, and 10 days for Stage Two). This is also facilitated by the newly set up electronic information exchange between PPA and the contracting entities. The feed-back mechanism is applied when implementing the second stage of control. This mechanism consists in checking the implementation of recommendations, and this is notified to the ex-post authorities under LPP and the authority responsible for the management and spending of funds under the respective Operational Programme. As a result of ex-ante control, the expertise and experience of contracting authorities have been improving in regard to certain groups of questions relating to defining the subject mat-

34 CoM Decision No. 146 of 5 March 2013, the draft law has been introduced to NA.

35 Portal for public consultations: [www.strategy.bg](http://www.strategy.bg)

36 Effective as from 26.02.2012.

ter of each procurement procedure, setting requirements to be met by participants in the procedures, and the definition of indicators to be used in tender assessment.

The provision of methodological guidance by PPA is a mechanism for ensuring proper application of legislation. General methodological guidelines are prepared on the basis of the most frequently asked questions and are freely accessible by all interested parties as they are published in the Public Procurement Portal. According to the most recent amendments to LPP, when these have been developed in consultation with the ex-post control authorities (the National Audit Office and the Public Financial Inspection Agency (PFIA)), they become obligatory for the latter in the performance of ex-post control. The concrete guidelines are developed by way of answering written questions and in direct consultation meetings. Thus, most commonly, contracting authorities receive support in the preparation and award of public contracts, and in some cases also in tackling certain situations arising in the course of contract execution. Methodological guidelines play an important role in the development and consistency of practices, and in improving the general legal knowledge in legislation of this area, since they are helpful not only to contracting entities but also to all public procurement stakeholders, and are accessible to the general public.

In terms of ex-post control in public procurement, in 2012, the efforts of PFIA were focused on enhancing administrative capacity (Measure CSR6-A 1). The total number of staff by establishment went up in 2012 from 187 by almost 7%, and the trend will continue in 2013. In 2012, 2 334 public procurement dossiers at a total value of BGN 1.8 billion were inspected. Bearing in mind the nature of control which PFIA carries out, which is ex-post control and is largely triggered by alerts for possible irregularities, orders issued by the prosecutor's office, etc., these audits focused on public procurement procedures held in previous periods (2004—2012). In 49% of the dossiers examined, certain breaches of the rules have been found, including 27% of the procurement procedures where such irregularities were found to have financial implications and result in infringements of the principles of LPP, and 22% of the dossiers examined were found to contain breaches of procedure. There is a downward trend in the cases of breaches having financial implications: from 34% from the total number of public procurement procedures inspected in 2011, to 27% in 2012. In 2012, PFIA issued acts establishing administrative offences in the area of public procurement and 1 288 penal orders, imposing fines and pecuniary sanctions in the amount of BGN 1.3 million in total. Of those, 349 penal orders, imposing fines and pecuniary sanctions amounting to BGN 1.1 million in total, refer to breaches of LPP, i.e. breaches having financial implications, and 939 penal orders, imposing fines in the amount of BGN 0.2 million in total, refer to breaches of secondary legislation.

## 2.7. Country-Specific Recommendation No. 7

In implementing the Third Energy Liberalisation Package, the Law on Energy (LE)<sup>37</sup> was amended in July 2012, thus transposing Directive 2009/72/EC and Directive 2009/73/EC<sup>38</sup>.

---

37 Published in SG No. 54 of 17.07.2012.

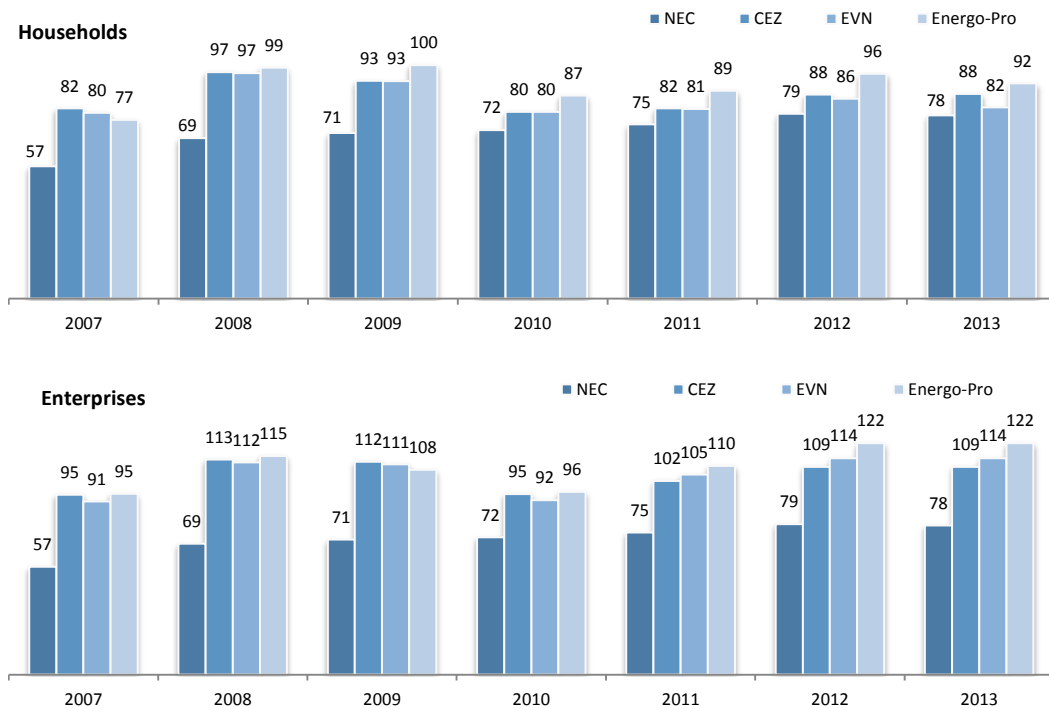
38 Directive 2009/72/EC of the European Parliament and the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC; Directive 2009/73/EC of the European Parliament

The process of aligning the secondary legislation (the secondary legislation instruments implementing the respective law, and the general administrative acts) with the law began in October 2012, and a package of five ordinances<sup>39</sup>, was developed, all dealing with energy market regulation (*Measures CSR7 – A1, B1 and C1*).

– **Removing electricity market barriers, guaranteed profit arrangements and price controls**

In the first quarter of 2013, SEWRC adopted two ordinances from the package of 5 secondary legislation instruments implementing the LE: the Ordinance on amending the Ordinance on regulating prices of natural gas, and the Ordinance on amending the Ordinance on regulating prices of electricity (*Measure CSR7–A1*). To respond to the infringement procedure launched by the European Commission, these ordinances were adopted prior to the expiry of the one-year term established in paragraph 199 of the Transitional and Closing Provisions of the Law Amending the LE.

Chart 2: Prices of electricity for households and enterprises (medium voltage), BGN per MW/h



Source: MEET

The sales of electricity in the free market in Bulgaria (consumers that have exercised their right to choose a supplier) in 2012 amounted to 5.1 TW/h (17.6% of electricity sold to end consumers in Bulgaria). The level of openness of the market in electricity, which includes both the consumers that have exercised their right to choose a supplier and trade exports, is

and the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

39 Ordinance on regulating prices of natural gas, Ordinance on regulating prices of electricity, Ordinance on licensing energy operations, Ordinance on the rules for providing access to the natural gas transmission and/or distribution networks, for access to natural gas storage facilities and Ordinance on the rules for trading in electricity on the electrical energy exchange

30.5%. In 2012, the number of market participants that have carried out transactions at arms-length prices was 159, of which 7 generators, 105 consumers and 47 traders.

– **Independence of operators of transmission and distribution networks**

Another two secondary legislation instruments from the package – the Ordinance on amending the Ordinance on licensing energy operations, and the Decision of the SEWRC on updating the Rules for providing access to the natural gas transmission and/or distribution networks, for access to natural gas storage facilities (*Measure CSR7-B1*) were adopted in the first quarter of 2013. Through these, SEWRC is granted the mandate to certify the operators of the power transmission network and the gas transmission networks and carry out constant monitoring to ensure compliance with the requirements for independence. The process of certification itself follows a statutory procedure which includes an EC decision authorising the certification of such operator.

To ensure the independence of operators of transmission and distribution networks, work is underway to unbundle the assets of National Electric Company (NEC) EAD and Power System Operator (PSO) AD. At the end of March 2013, the general partnership between NEC EAD and Bulgarian Energy Holding (BEH) approved the signing of a contract with the selected servicing bank which is to prepare proposals for a mechanism and method of restructuring (*Measure CSR7-B2*).

– **Completion of the market design for trading in energy and balancing markets**

Since April 2012, testing has been underway of an exchange market module with a functionality matching the PSO requirements. The module is part of the design of the system for market administration – a Market Management System built under the new market model. The average number of participants in the auction sessions held so far is 9 participants per month, and the number of registered participants is 23. Before the end of April 2013, SEWRC will adopt the last secondary legislation instrument from the package, the Ordinance on adopting the rules for trading in electricity on the electrical energy exchange (*Measure CSR7-C1*) which will regulate the hourly trade under all transactions concluded on the market, trading on the energy exchange and market supervision. Subsequent actions under this measure have to do with the registration of all coordinators of standard and special balancing groups by PSO and the signing of contracts with the providers of balancing energy. Electricity trading through the exchange is expected to begin in September 2013.

– **Improvement of connectivity of electricity and gas networks**

Energy independence on the gas market in Bulgaria will be ensured by building four gas interconnectors with the networks of Serbia, Greece, Romania and Turkey (*Measure CSR7-D1*).

By achieving interconnectivity with the Serbian system, Bulgaria will have access to the gas transmission network of Hungary and, through that, to the gas networks of countries in Central and Western Europe. Project activities were launched in December 2012, and the facility will be commissioned into operation by September 2015.

The road map of the project for the construction of the Bulgaria – Greece gas pipeline plans for a commissioning date in December 2014. The direct effects from the construction of the gas interconnector include: ensuring the possibility for natural gas supply along the South Gas Corridor and from sources of liquefied natural gas, expanding the scope of, and participation in, the Turkey-Greece-Italy gas project which ranks second in terms of priority for the EU and is part of the South Gas Corridor.

The gas interconnector Bulgaria – Romania is scheduled for commissioning at the end of May 2013. Its total length will be 23.8 km (of which 15.4 km across Bulgarian territory) and a maximum capacity of 1.5 billion cubic metres per year. By the end of the first quarter of 2014, the gas interconnector Bulgaria – Turkey will also be completed and commissioned into operation. It is 77 km long (of which 75 km across Bulgarian territory) and will be used to transport natural gas from Azerbaijan via Turkey to Bulgaria.

— **Boosting energy efficiency and enhancing the capacity to cope with disruptions**

In 2012, work began on drafting a Programme for the accelerated gasification of Bulgaria by 2020 (*Measure CSR7–E1*) in implementation of the 2020 Energy Strategy of the Republic of Bulgaria<sup>40</sup>. The main goal of the programme is to improve energy efficiency by switching from using electricity in heating to direct natural gas combustion by providing conditions for the efficient use of energy for heating and other household uses. Once implemented, it will provide access to the gas distribution network to 30% of the households across the country. The programme is expected to be developed by August 2013.

To boost energy efficiency, Bulgaria is putting in place a range of measures aimed at achieving the national target of increasing energy efficiency by 25% by 2020 (see *Measures under NT 3*). ▼

---

40 Published in SG No. 43 of 7 June 2011.

# 3. Progress toward National Targets under the Europe 2020 Strategy

## 3.1 National Target concerning Employment

- **Reach an employment rate of 76% for the population aged 20-64 by 2020**

**Sub-targets:** Reduce youth unemployment rate (among 15-29-year olds) to 7% and increase the employment rate of older people (aged 55-64) to 53% by 2020

The employment rate of the population aged 20-64 was 63% in 2012 (against 62.9% in 2011); expectations are that in 2013 it will remain at the same level, and begin to recover slowly as from 2014.

The adverse impact of the crisis caused pushed the employment rate into a considerable decline from which it is expected to recover in the longer term, in the conditions of a moderate economic growth. To achieve the target by 2020, the employment rate needs to go up by 13 pp. to 76%, or an annual average increase of 1.6 pp.

The achievement of the target hinges, above all, on regaining confidence in an improving global economy and revamping the overall investment activity and foreign investment in Bulgaria. The rate of technical modernisation, progress in the restructuring effort in certain industries in the national economy and fast adjustment of the labour force to meet the new requirements of the supply-side of job creation will also play a role in defining employment rates over the coming years.

### Text Box 3: 2013 National Action Plan on Employment (NAPE)

The 2013 NAPE focuses on four key priorities:

- 1) quick and efficient hiring of unemployed job seekers, both on the primary labour market and under LEP programmes and measures;
- 2) ensure availability of the human resources necessary to restructure and upgrade the technical level of the economy to improve labour productivity and better match labour market requirements;
- 3) activate inactive and discouraged persons;
- 4) reduce undeclared employment and improve compliance with labour regulations.



These priorities will be achieved by improving the services provided by EA in activating the long-term unemployed and inactive persons. Cooperation with private labour intermediaries will intensify. Training vouchers will continue to be offered to both employed and unemployed persons and within projects operated by employers, while at the same time focusing on improving work motivation and providing vocational orientation advice to the registered unemployed. Hiring in subsidised jobs will continue, in particular, of disadvantaged groups (Roma and persons at risk of social exclusion and poverty), with a focus on increasing the number of unemployed hired in “green” and “white-collar” jobs.

The implementation of all measures and activities planned in NAPE for 2013 is expected to raise the employment rate in the 15-64 age group to 59%, in the 15-24 age group to 22%, and in the 55-64 age group to 45%. State budget funding will help provide employment to over 38 thousand unemployed (about 10.4% of the registered unemployed as of the end of 2012). The appropriations for active labour market interventions in 2013 have been increased from the originally budgeted amount of BGN 73 million to BGN 103 million<sup>41</sup>.

The youth unemployment rate in the 15-29 age group continues to go up, and in 2012 it was 20.8% or 1.7 pp. higher than in the previous year. The main reasons behind the growing youth unemployment are the lack of practical knowledge and skills upon graduation from the educational system. The lack of previous work experience of young people embarking on a first job implies that they will be offered a lower pay by the employers, which does not always match the expectations young job-seekers. Also, in the environment of low demand, the private sector does not create a sufficient number of new jobs to absorb the young people who have completed their education. Reducing the high youth unemployment and inactivity rates is a key task in the 2013 NAPE. To this end, the implementation of the National Initiative “Jobs for Young People in Bulgaria 2012 -2013” will also continue (see Measures under CSR3).

The distribution of unemployed young people aged 29 or under in terms of the monitored occupational groups reveals that the group of registered young people without any specialisation continues to account for the highest numbers and has the highest relative share in youth unemployment. In 2012, their share was 60.8% (against 63.1% in 2011). In terms of educational levels, young people with primary education or lower retain the highest relative share at 46.7% (against 50.3% in 2011). Measures to improve management in vocational schools (Measure NT4-4), validation of outcomes of non-formal and informal learning, modernisation of curricula in higher education (Measure CSR4-B1) and facilitation of the transition from education to the labour market (Measure CSR3-A1) will improve the educational structure of young people aged 29 or under and their employability.

The period under consideration shows an increase in the employment rate for persons aged 55-64 by 1.1 pp. – from 44.6% in 2011 to 45.7% in 2012. The employment rate in that age bracket has recovered most rapidly in recent years. The revival of the employment rate of older people is due both to their professional experience and to the better opportunities for

---

41 CoM Decision No. 224 of 05.04.2013 approved additional funding of BGN 30.6 million for subsidised employment under NAPE measures and programmes for 2013.

inclusion in various schemes, programmes and measures for improving training and employment (*Measures NT1–2 and NT1-B1*).

The implementation measures planned in order to achieve the national target include the creation of opportunities for new forms of employment by promoting the development of tourism (*Measure NT 1–1*).

## 3.2 National Target concerning R&D

### – Investment in R&D to reach 1.5% of GDP in 2020

In 2011, R&D spending in Bulgaria grew in absolute terms by 1.9% compared to 2010, yet in GDP terms it fell from 0.60% to 0.57%. In recent years, the structure of R&D spending in terms of sources of funding has been changing. In 2010 and 2011, investment in R&D from the private sector went up, while the share of public spending declined. In 2011, budget spending for R&D, including payments to entities in other countries, fell by 3.3% in comparison to the year before. To achieve its national target, Bulgaria will work to improve the efficiency of public spending for R&D by leveraging those funds to attract more private capital. In 2011, the ratio between R&D spending by businesses and R&D public spending in total R&D spending in Bulgaria was 53:47, while for EU27<sup>42</sup> this indicator was 62:38. Total R&D spending focuses primarily in the area of medicine (44%), natural sciences (22%) and technology (19%)<sup>43</sup>.

In European and international rankings, Bulgaria emerges as a country with an underdeveloped, albeit dynamic, innovation system. In the framework of the 2011 EU Innovation Scoreboard, Bulgaria is presented as a “modest” innovator, with clear weaknesses in terms of openness and attractiveness of R&D systems, networks and entrepreneurship, and intellectual property, including patent applications. In the overall ranking of the 2011 Global Innovation Index of EIBA, it ranks in the first third of the ranking list of countries with pronounced strengths in terms of detailed credit information, use of trademarks, number of people who have studied abroad, and clean FDIs. In 2011, Bulgaria had 43 USPTO patents issued per million of inhabitants and 1.1 EPO patents per million of inhabitants, compared to 100 and 4.6, respectively, for Hungary (“moderate innovator”), and 951 and 109 for Finland (one of the top 4 innovation leaders in the EU).

To boost activities in its innovation system, Bulgaria is undertaking steps to improve the coherence of its innovation policy. In 2013, a draft for a Law on Innovations was prepared (*Measure NT2–1*) which will adopt a modern organisation of innovation processes and eliminate the existing imbalances in the methods of financing research and innovation in enterprises. By the end of 2013, a new Innovation Strategy for Smart Specialisation (*Measure NT2–2*) will be developed which will define the national and regional priorities in the area of innovation. In the framework of the Partnership Agreement concerning the use of the Structural Funds and the Cohesion Fund, Bulgaria will propose two mutually complementing operational programmes in the R&D area in the period 2014-2020: “Innovations and Competitiveness” and „Science and Education for Smart Growth“.

---

42 Research and Innovation Performance in EU Member States and Associated Countries, Innovation Union Progress at the National Level, 2013, EC

43 Source: MEET

To achieve the national target concerning R&D, measures have been put in place to improve the conditions for professional realisation of young scientists/scholars, support for SME start-ups and implementation of innovative projects, and development of a pro-innovative and research infrastructure.

In 2011, the share of persons employed in R&D as a percentage of the active population was 0.51% in Bulgaria and 1.08% in EU27<sup>44</sup>. The core portion of Bulgarian scientists is employed in public R&D organisations and higher education establishments, while the percentage of scientists in business organisations is barely 14% of the total<sup>45</sup>. To foster the interest of young people who are completing their doctoral studies, and hence improve the age profile of people engaged in R&D, as from 2012, funding has been made available for one-month internships of doctoral candidates in high-tech R&D centres and infrastructure (*Measure NT2–7*). In 2013, along with the development of the Sofia Techno Park, young enterprising talent, scientists and R&D units with ideas with high innovative potential will be identified and offered entrepreneurship training as part of the project.

SMEs are the driving force of innovation. In 2010, the share of innovative enterprises<sup>46</sup> in small enterprises was 28.2% higher than in 2006, 60.2% higher in medium-sized enterprises<sup>47</sup>, and 19.9% higher in large enterprises. In addition to improving SMEs access to financing (*see Measures under CSR4*), the innovative potential of SMEs is fostered by the development of pro-innovative infrastructure and business incubators (*Measures NT2–6*) and direct support for the commercialisation of innovative products under OPDCBE (*Measure CSR4–E2*).

Bulgaria takes part in the European Framework Programmes for research, technology development and demonstration activities (*AM1–1*). For the period 2007-2012, BGN 158.4 million was absorbed. Bulgaria is well positioned in some of the other on-going initiatives of the European Research Area – the European Cooperation in Science and Technology programme (COST), the schemes under Joint Research Centres, and the schemes for coordination of national research programmes. As of the end of 2012, Bulgaria has taken part in 140 actions and 251 projects under the COST initiative, it has signed cooperation agreements with 14 countries, and agreements with another 3 countries will be signed. Under the Seventh Framework Programme, 580 contracts were signed at a total value of BGN 158.4 million. Bulgaria's success rate is 16.6%, compared to an EU27 average of 21.8%. Financing has been provided to 130 bilateral cooperation projects for the period 2007-2012. Preparations are underway of the document package for the "Horizon 2020" framework programme<sup>48</sup>, and the first information events have already been held.

---

44 Source: Eurostat data.

45 MEYS data.

46 Innovative enterprises include enterprises with technical innovations, and enterprises with organisational and marketing innovations (according to the definition of innovation as revised in 2008), NSI.

47 Definition of SMEs in the meaning of the Law on Small and Medium-sized Enterprises, NSI data.

48 The Horizon 2020 Framework Programme is a main pillar of the Innovation Union, a flagship initiative of the Europe 2020 Strategy for enhancing Europe's competitiveness on a global scale, and the purpose is to integrate all of the EU financing for research and development in innovation in one programme. It is planned to invest EUR 80 billion in R&D and innovation.

### 3.3 National targets concerning the Climate-Energy Package

To achieve the national targets concerning the Climate-Energy Package, Bulgaria continues its efforts to overcome the three major challenges it faces: high energy intensity of its economy (89% higher than the EU average), high dependency on imported energy resources (70% of the gross consumption of natural gas, crude oil and nuclear fuel), and the need to reduce greenhouse gas emissions (emission levels are below the EU average; for Bulgaria, a maximum increase in greenhouse gas emissions from non-ETS sectors has been agreed, up to 20% by 2020 in comparison to 2005 levels).

— **A 16% share of energy from renewables in gross final consumption of energy by 2020**

Positive developments can be observed in terms of achieving the national target of reaching a 16% share of energy from renewables in the gross final energy consumption. That share has increased, from 11.9% in 2009, to 13.8% in 2011. Nevertheless, developing RES by means of the current promotion mechanisms is associated with high public cost due to the promotion, primarily- of costly resources and technologies on one hand, and on the other hand, it lacks balance in terms of the existing technical potential of RES. For that reason, with the adoption of the Law Amending LERS in April 2012, and the Law Amending LE in July 2012, conditions for investing were adjusted to correspond to the current situation and development in the sector, and the rules for the determination of the preferential off-take price of electricity from renewables were changed. With the changes to the legal framework, efforts are now focused on adjusting the secondary regulations in order to simplify procedures for connecting small RES power generators which can be mounted on roofs and facades so energy can be generated for own use (*Measure NT3–A1*).

The main financial mechanisms applied for promoting the production and consumption of renewable energy and the deployment of energy efficiency measures are OPDCBE, the Energy Efficiency and RES Fund (*Measure NT3–1*), EERES Credit Facility (*Measure NT3–2*), the European Local Energy Assistance (ELENA) Initiative of EC and EIB.

— **10% share of energy from renewables in the gross final energy consumption in transport by 2020**

Progress in achieving this target has been significantly below expectations, with a 0.4% share of energy from renewables in the transport sector in 2011. Underperformance in terms of this target is due to the slow increase in the consumption of bio fuels paired with the effects of certain technical factors, both in terms of infrastructure arrangements and in terms of the quality of automobile fleet, the control system and the requirement to comply with the criteria for bio fuel sustainability throughout their life cycle, from growing the raw materials to fuel consumption. Target achievement will be ensured primarily through the consumption of bio diesel, bio ethanol and electricity from renewables. One of the measures undertaken in that regard is the obligatory blending of bio fuels with liquid fuels derived from petroleum<sup>49</sup>.

---

49 LERS, published in SG No. 35 of 03.05.2011, last amended 15.02.2013.

– **Increase energy efficiency by 25% by 2020.**

Bulgaria aims to cut the energy intensity of its GDP by 50% by 2020 compared to its 2005 level. The implementation of measures and programmes under the 2020 Energy Strategy of the Republic of Bulgaria will improve energy efficiency by approximately 25%, generating savings of more than 5 million TOE of primary energy in comparison to the baseline scenario for development by 2020.

Reducing energy intensity generally depends mostly on the level of energy efficiency of industrial production. However, the share of services in final energy consumption (FEC) has been going up steadily in the recent years, with an overall share of households and services in FEC reaching 37.9% in 2011. The reason behind this is the growing energy intensity of the sector due to the insufficient implementation of energy efficiency measures and the relatively weak impact of market prices of energy in comparison to other sectors. Most of the energy consumption in households and the service sector is associated with maintaining a comfortable level of heating and for that reason the influence of the characteristics of the building stock in Bulgaria on the level of energy efficiency increases substantially. In the future, that influence will be comparable to the influence of energy intensity in industry. Therefore, the public sector, and local and regional authorities in particular, will play an important role in achieving the target of a 25% improvement in energy efficiency by 2020.

Following up the measures from NRP 2012-2020, amendments to LEE<sup>50</sup> were adopted concerning the energy characteristics of buildings, and in particular, the decrease in the threshold of total built-up area above which it is obligatory to conduct an energy efficiency audit. In implementing the amended law, over 11 000 buildings are to be audited and certified for energy efficiency. The implementation of measures adopted under the second National Action Plan for Energy Efficiency continues, including the implementation of the National Programme for Rehabilitation of Residential Buildings in the Republic of Bulgaria (2006–2020) and the Residential Energy Efficiency Credit Line programme (REECL). In 2013, the OPRD scheme “Support for energy efficiency in multi-family residential buildings” with a total budget of BGN 95 million continues. It will finance the implementation of energy efficiency measures in multi-family housings on the territory of 36 municipalities in urban areas. An additional NGN 13.5 million are available via HRF in the form of low-interest loans and bank guarantees, which will be issued to home owners who cannot afford the 50-per cent co-financing requirement with their own funds (*Measure NT3–C2*). The support from OP Regional development for energy efficiency will extend into the next planning period, as plans for increasing energy efficiency will include not only the family housing, but also administrative buildings, as well as municipality and state owned buildings. The funding allocated to energy efficiency is increased to 20% from the available budget available to the operational program. The measures aimed at improving energy efficiency are financed by means of a number of instruments. One of those is the grant financing for the non-nuclear energy sector from the Kozloduy International Fund which will provide project financing of over BGN 243.7 million by the end of 2013. In the framework of the additional grants from that Fund, for the financial period 2010-2013, over BGN 88 million will be provided for increasing the energy efficiency of 243 public buildings (hospitals, schools, kindergartens and crèches, etc.) and for the replacement of municipal street lighting in 14 municipalities. In 2013, the

---

<sup>50</sup> Published in SG No. 24 of 12.03.2013, effective as from 12.03.2013.

procedures “Energy efficiency and green economy” and “Investments in green industry” under OPDCBE will be launched, providing financial support for the deployment of energy-saving technologies in enterprises and improvement of energy management (*Measure NT3-C1*).

— **Keeping the increase in non-ETS greenhouse gases (GHG) within 20% by 2020 compared to the 2005 level**

The total amount of GHG emissions produced in 2011 was 66 133.28 GgCO<sub>2</sub>e or 45.75% of the emissions in the baseline year. Greenhouse gas emissions per capita are down from 13.57 tCO<sub>2</sub>e in 1988 to 9.03 tCO<sub>2</sub>e in 2011. Under this indicator, Bulgaria comes out close to the EU average. Greenhouse gas emissions produced in the generation of BGN 1 000-worth of GDP have been decreasing significantly, down from 2.62 tCO<sub>2</sub>e in 1999 to 0.88 tCO<sub>2</sub>e in 2011. In long term, the decrease is expected to come as a result of changes in technology towards better resource efficiency of production and flue-gas scrubbing.

The adoption of the draft LCC, in 2013, (*Measure NT3-D1*) will consolidate many legal provisions relating to the subject matter it regulates, which until now have been part of a large number of laws and regulations. It will provide free allocation of greenhouse gas allowances among installations, auctioning of greenhouse gas allowances, and the obligations associated with greenhouse gas emissions from the non-ETS sectors - transport, agriculture, construction, waste. The law will also regulate the mechanisms for implementation of the commitments of the country under the Kyoto Protocol. In May 2012, the Third National Action Plan on Climate Change for the period 2013-2020 was adopted<sup>51</sup>; according to that, it will be possible to use project funding to reduce greenhouse gas emissions via the National Green Investment Scheme.

The energy sector has the highest contribution in the total greenhouse gas emissions (78.9% in 2011). To date, contracts for 69 sites in 29 municipalities have been signed under the National Green Investment Scheme. These deal with the implementation of projects for improvement of the energy efficiency in municipal buildings, mainly kindergartens and schools. For the same purpose of financing projects which have a goal to reduce greenhouse gas emissions, activities related to the Joint Implementation mechanism under the Kyoto Protocol have been renewed. So far, 27 projects have been approved under the JI mechanism, and 5 239 397 emission reduction units have been generated for the period 2008–2012.

With 12.15% of greenhouse gas emissions share<sup>52</sup>, the transport sector takes the second place due to a changed transport structure, and in particular, to the growing share of road transport at the expense of railway. A positive contribution in the reduction of emissions in the sector will come from the measure regarding integrated urban transport by encouraging the shift to alternative modes of transport that can replace private cars, by the supply of vehicles with better GHG emission performance characteristics, and by developing smart transport systems which will limit traffic congestion (*Measure NT3-D2*). LCC introduces an obligation for manufacturers and importers of liquid fuels for the transport sector to achieve a 6% GHG emission reduction per unit of energy from the supplied liquid fuels by 2020, compared to the EU average for 2010 (*Measure NT3-D1*).

---

51 CoM Decision No. 459 of 1 June 2012.

52 From 6794 GgCO<sub>2</sub>e in 1990 to 7686 GgCO<sub>2</sub>e in 2005 and 8035.98 GgCO<sub>2</sub>e in 2011, respectively.

The agricultural sector ranks third, with 9.3% share of the national emissions. The most important factor in reducing greenhouse gas emissions in the sector will be to encourage agricultural producers to provide environmentally-friendly services by means of the introduction of a “green” component in direct payments under the Rural Development Programme for the next programming period (2014-2020).

With a 5.49% share of the national emissions, fourth place is taken by the waste management sector. Reductions will be achieved by waste prevention and reducing the quantity of waste for disposal. In pursuance of the milestone targets of reducing the quantity of biodegradable waste for landfill disposal<sup>53</sup>, 19 projects for regional systems are underway. They are financed under OPE, and include construction ( 1 cell) of landfills for non-hazardous waste, 13 installations for waste separation and 19 waste composting facilities. In 2012-2013, the strategic and legal framework in the field of waste management will be completed with the adoption of the Waste Management Act(LWA)<sup>54</sup> and the development of a National Waste Management Plan for 2014-2020 which is due to be completed in 2013, Ordinance on Bio Waste Treatment and Ordinance on Separate Collection of Bio Waste. These ordinances will introduce an integrated approach in the management of bio waste and will ensure the resources necessary for the achievement of targets concerning recycling and diversion of biodegradable waste away from landfills and increasing investments in the construction of bio waste recycling and re-use facilities. A special information system will be set up before the end of 2014, to help monitor the quantities and type of bio waste generated and treated, and the facilities available across the country.

### 3.4 National Target in Education

#### — An 11% share of early school leavers by 2020

In Bulgaria, the share of people aged 18-24 who leave the school system early, was 12.7% in 2012<sup>55</sup>, which is below the EU27 average (13.5%). This indicator has been improving since 2004 (21.4%). Over the past 5 years (with the exception of 2009), its value for Bulgaria has been lower than the average for Europe. Should the positive trend continue in the coming years, Bulgaria should be able to achieve its target. The net percentage of entrants into the educational system is high (over 95%) for children aged between 7 and 14, relatively lower for children from the pre-school age group of 3 to 6 (83.3%) and children between 15 and 18 (85.8%). These numbers are explained by the scope of obligatory education (currently, 7- to 16-year olds). When the new LPSSE becomes effective, the mandatory starting age in the educational system will be 4 years, as from the 2016/2017 school year. Since the inclusion into educational system from a lower level implies that students will continue into the subsequent educational levels, it is to be expected that the introduction of mandatory pre-school education from age 4 will facilitate the early social inclusion of children, the acquisition of basic/language skills, and will further reduce the rate of early school leavers.

---

53 By 31.12.2013, the quantity of biodegradable waste for disposal should be cut down to 50% of the total quantity by weight of biodegradable residential waste generated in 1995. By 2020, the quantity of biodegradable waste for disposal should be cut down to 35% of the total quantity by weight of biodegradable residential waste generated in 1995.

54 Published in SG No. 53 of 13.07.2012, effective as from 13.07.2012.

55 2012 Labour Force Survey, Eurostat.

At the same time, the performance of Bulgarian students in the OECD international standardised assessment of reading skills has been improving: 51.1% of all 15-year olds showed unsatisfactory results in 2006, while in 2009 that percentage was 41%, and 2012 results are expected to show further improvement. Nevertheless, Bulgaria is lagging significantly behind the average European level (19.6% in 2009 for EU27) in terms of that indicator, which indicates the need to improve quality and modernise initial, primary, and secondary education. Measures have been put in place to improve the quality of education through the development of basic skills and tending to the individual needs of children and pupils (*National Programme "Caring for Each and Every Pupil" and the measures under CSR4*), which will foster children's motivation to remain in the educational system, and through improvements of the inspection system of education (*Measure NT4-3*). In the 2010/2011 school year, 2.4% left school, which is not a high rate in comparison to the EU-average. The main reasons for leaving the educational system are the family and absences, and to a considerably lower degree, poor academic achievement<sup>56</sup>. The highest percentage of school leavers was registered in the 11-14 age group, i.e. prior to completion of primary education<sup>57</sup>.

In 2012, a draft National Strategy was prepared concerning prevention and reducing the share of school drop-outs and early school leavers (2012-2020). It sets up measures for achieving the national target of 11% (*Measure NT4-A4*). The strategy will be approved by CoM before the end of 2013. Measures aim to facilitate the transition between the various stages and levels of education and provide flexible opportunities for the reintegration of early school leavers back into the educational system. Reintegration will be achievable also by validation of outcomes of non-formal and informal learning.

Children from ethnic minorities, and in particular, Roma children, are most exposed to the risk of dropping out and leaving school early, respectively. In 2011, 40.8% of the Roma population was reported to have achieved primary educational level, 27.9% have completed their initial education and 21.8% have not completed the initial educational level<sup>58</sup>. This is largely due to the social and economic status of most Roma families and to ethnic cultural characteristics. The measures for introduction of full-day organisation of the educational process from grade I to grade VII (*Measure NT4-A1*), provision of textbooks free of charge up to grade VII, additional study sessions for pupils who have problems acquiring the study material (*Measure NT4-A3*), extra-curricular activities, additional teacher training in working in a multi-ethnic educational environment (*Measure NT4-A3*) and active inclusion of parents will play a significant preventive role on this particular target group.

Some of the actions undertaken are targeted specifically at children from ethnic groups<sup>59</sup>, such as developing basic literacy skills in adult Roma through forms of continuing education, and organising joint events and activities between the parents of Roma children and the rest of the parents. Under a project for social inclusion supported by IBRD, work is focused on increasing the level of preparedness of Roma children and other children from low-income

---

56 Going to another country is another factor for leaving school, as national statistics covers all legitimate educational institutions on the territory of the country.

57 NSI data, Education in the Republic of Bulgaria, 2012.

58 NSI data, National Strategy of the Republic of Bulgaria for Roma Integration (NSRBRI).

59 National Strategy of the Republic of Bulgaria for Roma Integration (2012-2020).



families and marginalised groups to start schools at 7 years of age by offering Bulgarian language training (*Measure CSR3–E2*).

Measures for improving the quality of the education, as well as facilitating equal access to education include investments in educational infrastructure (*CSR4–A6*).

— **A 36% share of the people aged 30-34 with higher education by 2020**

The share of people aged 30-34 who have completed their higher education was 26.9% in 2012, registering a slight drop over the period 2009–2012. At the same time, the net percentage of entrants in higher education has been on the rise every year since 2001 (25.8% in the 2001/2002 school year and 42.6% in the 2011/2012 school year). Along with that, there is an increase in the number of graduates of higher education in Bulgaria in all age groups and educational qualifications degrees (“Professional Bachelor“, “Bachelor“ and “Master“),, and for the educational and academic degree of “doctor“. The percentage of holders of higher education degrees for the period 2000–2011 grew by 37%, at an annual average rate of increase of 3.4%.

To achieve the target of a 36 % the people aged 30-34 to have completed their higher education by 2020, it is necessary to act now and put measures in place that will improve access to higher education, in order to achieve a high rate of admissions, academic achievement and motivation in higher education. In 2011, 85.5% of the Bulgarian citizens aged 20-24 had completed their secondary education<sup>60</sup>, which is above the average EU rate (79.5%). That means that a large percentage of the young people in that age group could then continue their studies in the higher education system. However, the net percentage of 19-23-year old entrants in the system of higher education in the 2011/2012 school year was 42.6%<sup>61</sup>. That percentage depends, above all, on a range of factors, such as the social and economic conditions which urge young people to pursue success on the labour market as soon as they finish their secondary education, and on their disposition to emigrate in order to continue their education abroad<sup>62</sup>.

The existing measures to provide improved access to education (*Measure NT4–B2*) and facilitate transition from higher education to employment (*Measure CSR3–A1*) are expected to have a positive effect on the intentions of young people to complete their higher education in Bulgaria and contribute to the achievement of the national target. Measures to improve access to education are two-pronged: to improve higher education quality, including by improving state educational infrastructure and including higher education establishments as specific beneficiaries in the future OP “Regions in Growth“ (2014-2020), and provide financial assistance to students to retain them in higher education until successful graduation.

In June 2011, work began on improving the financing model of state-owned higher educational establishments in terms of maintenance costs of universities which includes the introduction of differentiated subsidy determination depending on quality assessment results based on a set of rating indicators, so that higher education establishments which have demonstrated the best results under priority professional areas and universities receive be-

---

60 Eurostat.

61 NSI, Education and Life-Long Learning.

62 NSI, 2011 Bulgarian Population and Housing Census, vol. 4, Sample Surveys, Book 2: Migration and Migratory Behaviour of the Population.

tween 5% and 10% in addition to their annual subsidy. The 2012 LSBRB approved BGN 15 million for a differentiated subsidy for state educational establishments, and the 2013 budget has BGN 20 million allocated for that. In 2013, the assessment criteria in the rating system will be improved (*Measure NT4–B1*) so that the criterion of successful participation in the labour market following completion of higher education can gain more prominence, thus providing more meaningful information to young people and will increasing competition among institutions.

To provide financial support to students, the student lending scheme was set up. When it was first introduced in 2010, BGN 2.8 million was disbursed in loans under LPCUPGSDC to 2 842 university students and doctoral candidates, and in 2012, loans of BGN 12.2 million were extended to 3 595 students and doctoral candidates. Student support policies are implemented with funding from the state budget. Additional assistance is made available using ESF funds under the project “Student scholarships” (2012-2014), with all 51 higher educational establishments in Bulgaria participating. For the winter semester of the 2012/2013 school year, it is estimated that scholarships for academic achievement will be granted to 23 792 students (about 12% of all full-time students in programmes for educational qualifications degrees “Professional Bachelor”, “Bachelor” and “Master”), and special scholarships for research and development work will be granted to 7 500 university students (about 4% of full-time students in all educational levels) from ESF. The monthly scholarship for academic achievement amounts to BGN 120, and the special scholarship is BGN 200 per semester.

How attractive higher education is will also be defined by the opportunities for a more successful labour market participation upon completion of higher education. According to data provided by the Bulgarian Industrial Association (BIA), more than half of all university graduates in Bulgaria are employed in job positions for which they are overqualified in terms of educational level. On the one hand, there is a real mismatch between the educational qualifications of university graduates and the specialisations for which there is demand on the labour market. On the other hand, their education does not match the skills and knowledge sought by employers. In 2011, 30.6% of the bachelor’s and master’s EQDs were in the field of business and administration, followed by social sciences and human behaviour studies with 15.2%<sup>63</sup>. At the same time, demand for labour was the highest in the fields of healthcare, energy and education<sup>64</sup>, and the sectors with the best outlook in terms of development and demand for highly skilled labour were food and beverage industry, transport, electronics and electrical engineering, chemical industry and ICT<sup>65</sup>.

In response to the need to link higher education with the labour market, a project was launched in 2012 which will upgrade the curricula in higher education establishments (*Measure CSR4–B1*). The modernisation is being carried out in cooperation with representatives of the employers. It will cover 80% of the students in 40 higher education establishments, the purpose being to make higher education in Bulgaria more attractive. The reform in higher education also requires enhanced coordination in youth policies. The achievement of this goal will be facilitated also by the agreement of July 2012 concerning the information

---

63 NSI data.

64 According to the vacancy rate, quarterly data for 2012, Eurostat.

65 Analysis of the Growth Potential in Sectors of the Real Economy in Bulgaria (MF, 2011) and Bulgaria’s Economy: Current stats and Development Strategy (MEET, 2011).

exchange among institutions regarding graduating students and labour market opportunities (Measure CSR3–A2).

### 3.5. National Target: To reduce poverty and promote social inclusion

#### – Reduce the number of people living in poverty by 260 000 by 2020

**Sub-targets:** Reduce the number of children (0-18-year olds) living in poverty by 78 thousand (30% of the overall National Target, and 25% of the number of children living in poverty in 2008); reduce the number of persons aged 65+ living in poverty by 52 thousand (20% of the overall National Target and 10% of the number of elderly living in poverty in 2008); reduce the number of unemployed (aged 18-64) living in poverty by 78 thousand (30% of the overall National Target and 25% of the number of unemployed aged 18-64 living in poverty in 2008); reduce the number of employed (aged 18-64) living in poverty by 52 thousand (20% of the overall National Target and 22% of the number of employed aged 18-64 living in poverty in 2008).

Bulgaria ranks among the countries where the risk of poverty or social exclusion is above the average EU rate<sup>66</sup>. According to data from the Survey of Income and Living Conditions for 2010<sup>67</sup>, the percentage of people living in poverty or social exclusion was 49.1%. People at risk of poverty accounted for 22.3%, or 1.673 million people, which is an increase of 1.6 pp. compared to 2009. The people in Bulgaria experiencing material deprivation accounted for 43.6%<sup>68</sup>, which is 2.1 pp. less than in 2009. 444.4 thousand people aged between 18 and 59 were living in households with very low work intensity, and they represent 10.1% of the entire population aged 18-59. Compared to 2009 figures, their share has grown by 2.8 pp. In terms of age groups, risk of poverty is the highest for children up to 18 years old (28.9% or an increase of 2.2 pp.) and for the population past working age (30.9% or a decrease of 1.3 pp.). The impact of social transfers (excluding pensions) on reducing poverty risk was 4.8 pp., which is almost two times lower than the EU average of 9.2 pp.

The negative trends in terms of reaching the national target are the direct consequence of the economic crisis and the decrease in the employment rate. According to the 2012 Annual Report of the Social Protection Committee (SPC)<sup>69</sup>, a similar trend can be observed in most of the EU Member States, which jeopardises the achievement of the common target of the Union to reduce the number of people living in poverty set in the Europe 2020 Strategy. The percentage of people living in poverty in the EU27 in 2007<sup>70</sup> was 16.5, compared to 16.9 in 2010, which is an increase by 2.9 million people. The reduction of poverty and the promotion of social inclusion are the result of an integrated policy and are directly related to the situation of the economy, the economic growth, the labour market, policies in the area of healthcare, education, regional policy, etc.

---

66 24.2%, according to EU-SILC 2011, reference year 2010.

67 EU-SILC 2011, reference year 2010.

68 Data for 2009 and 2010 were revised by NSI due to a change in the variable "Ability to maintain adequate level of heating at home", which is one of the indicators measuring material deprivation.

69 The report was adopted by SPC in its session held on 30.01.2013.

70 EU-SILC 2008, reference year 2007.

In accordance with the national policy of fiscal consolidation and maintaining the macroeconomic stability, there was no change in the amounts of benefits paid out in 2010-2012, and total spending under all the programmes was not to exceed the amount spent in the previous year. Similarly, the amount allocated for the unified spending standards for social services, which constitute activities delegated by the state and financed through municipal budgets, remained unchanged for three consecutive years. The increase in pensions and the total appropriation for salaries in the public administration were frozen over the period 2010–2012.

In the coming years, improvement of the efficiency of the social inclusion policy will be based on the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020<sup>71</sup>. The Strategy was developed in 2012 with the participation of all stakeholders: representatives of the ministries, the social partners, non-government organisations, academia, the National Association of Municipalities in the Republic of Bulgaria. The measures which were set up have a long-term horizon in terms of planning, implementation and impact. The goal is to ensure sustainability of the priorities set in the fight against poverty and more effective outcomes. The key focus is on active inclusion in the labour market, development of cross-sector services for social inclusion and ensuring sustainability and adequacy of social transfers.

The programmes and policies concerning early childhood development (*Measure CSR3–E2*) are another key instrument for preventing poverty and social exclusion. They are supported by the Social Inclusion Project, which was launched using loan financing from the International Bank for Reconstruction and Development (the World Bank) in the amount of EUR 40 million. In 2011, projects were launched in 58 municipalities, and currently all 69 financing agreements under the project have been signed.

The process of deinstitutionalisation of childcare will continue (*Measure CSR3–E3*), and a similar approach will be used in the provision of social services to older people with the adoption, in 2013, of the National Strategy for Long-term Care. Activities relating to the deinstitutionalisation of childcare and long-term care activities will be co-financed with funds from the state budget and from the European Structural Funds in the next programming period (2014-2020). It is envisaged to implement measures for improving access to social and health services, as well as strengthening and supporting the process of deinstitutionalisation, through investment in social and health infrastructure, including the construction of social housing (*Measure NT5-1*). ▼

---

71 Transcript No. 5 of CoM session held on 6 February 2013.

## 4. Additional Reform Measures and Use of Structural Funds

### 4.1. Additional Reform Measures

#### – Digital Technology

In implementing the Digital Agenda for Europe flagship initiative, a National Programme for Digital Bulgaria 2015<sup>72</sup> was adopted in 2012. The National Strategy for the Development of Broadband Access in the Republic of Bulgaria by 2020 and the National Operational Plan for the implementation of strategic goals concerning the deployment of broadband access in Bulgaria have been updated. These documents, which set the mid-term and long-term strategic goals for development of infrastructure enabling access to the Single Market and for accelerated development of ultra-fast next-generation electronic communication networks, will serve as a basis for the development of information society in Bulgaria. They envisage measures for the deployment of broadband access to remote and sparsely populated areas (Measure AM2-3) and meeting the needs of the public for modern broadband-based electronic services in the framework of e-government. In this connection, the project “Development of fast broadband access in Bulgaria by developing critical, secure, safe and reliable public ICT infrastructure” was launched under OPRD in May 2012, and an official state aid notification was sent to the European Commission in February 2013. Aid authorisation by EC is pending, and meanwhile the preparatory project activities are underway, including procurement procedures under LPP for the development of infrastructure. Contracting will proceed subject to EC’s approval of state aid.

Before the end of 2013, a National Plan for broadband electronic communication infrastructure for next-generation access (NGA)<sup>73</sup> (Measure AM2-2) and a National Cyber Security Strategy (Measure AM2-1) will be developed, to introduce an institutional model for the development and implementation of cyber security policy in Bulgaria.

#### – Business Environment

SMEs are a key driver of economic growth, for creating employment and stimulating innovation in Bulgaria. To provide a business environment conducive to the development of SMEs, the Government is preparing a National Strategy for the Promotion of SMEs for the period 2014-2020. It is expected to be ready in late June 2013. The goal of the Strategy is to strengthen SMEs in Bulgaria and contribute to the restructuring of economic sectors (Meas-

---

72 Adopted under CoM Decision No. 953 of 16.11.2012.

73 This measure is part of the Conditions Precedent in Annex IV of the Draft Regulation laying down common provisions on the funds covered by CSF

ure AM4-1). To improve the business climate and in line with the “Think Small First” principle, the government plans to introduce an SME Test Methodology (measure AM4-4), which will take account of changes in the legislative framework, in accordance with the selected approach to the introduction of IA (LNA, LSME or SCMA).

The policy for improving the business climate is conducive to the implementation of measures set up in the following national strategic documents: Programme for Better Regulation 2010–2013 and Plan for Reducing the Regulatory Burden.

The reduction of administrative burden has been undertaken in two stages, in the framework of two Action Plans – the first one covering the period from 2010 to the end of 2012, and the second on spanning from 2012 to the end of 2014 (*Measure AM4-3*). The measures deal with filing information by electronic means and via networks, gathering data from other government authorities rather than from businesses, removing obligations, development of instructions, simplification of terminology and reducing the complexity of legal provisions. At each stage, the administrative burden caused by the respective legislation will be reduced by 20%.

As of the end of December 2012, according to data provided by the respective lead institutions and summarised by MEET, as a result of the implementation of the two stages of reducing the administrative burden, savings generated for business are estimated at BGN 91.8 million per year (BGN 16.8 million under the first Plan and BGN 75 million under the second Plan). Upon implementation of the measures included in both Action Plans, by the end of 2014, total savings generate for the business community will amount to about BGN 332 million per year.

The new law on charges and fees, which adopts the cost-recovery principle in pricing administrative services, will enable cost savings for enterprises of BGN 50 million to 200 million (*Measure AM4-2*).

The modernisation of public administration with the aim of strengthening its expertise and regulating staffing and pay levels will also support the development of a favourable business environment. The changes are presented in a Plan for Optimizing Public Administration<sup>74</sup>, and as of December 2012, the Plan was implemented at 84%. In addition, to allow for adequate planning and ensure the necessary human resources in public administration, a System for Planning Human Resources in Public Administration was developed (*Measure CSR5-A1*) which can be applied in 119 administrations. So far, 2 plans for HR tools for planning human resources in public administration have been developed, and 301 staff members have been trained how to apply the tools. Eight framework programmes for conducting internships and an internet portal were developed, and 583 internships were carried out under the framework programme.

#### — Infrastructure

Promotion of growth and employment in urban areas is done by making sustainable investments in integrated urban development, including through financial engineering instruments (*measure AM4-5*). Over the period 2014–2020, support for investment in the improvement

---

74 CoM Decree No. 129 of 26 June 2012 re amendments to the Law on Civil Servants (5 Ordinances).

of urban environment will continue through the implementation of Integrated Plans for Urban Recovery and Development (IPURDs), and projects included in the plans will be financed both through grants and through financial engineering instruments under the future OP “Regions in Growth” 2014–2020.

In 2012, operational agreements were signed to provide financing for “Regional Fund for Urban Development” AD to provide low-interest loans and equity participation in projects with significant social and economic effect in the six largest cities in Bulgaria, and “Fund for Sustainable Urban Development of Sofia” EAD. In its Decision of 19.12.2012, EC approved a notification of state aid under the scheme of the JESSICA initiative<sup>75</sup> for Bulgaria. Work is underway on the rehabilitation and reconstruction of regional road infrastructure (*Measure AM4-6*), which includes Class 2 and Class 3 roads, under OPRD. About 850 km of the road network is being rehabilitated, which is expected to result in a 10-15% increase in traffic. In the period 2012-2013, 35 contracts at a total value of about BGN 395 million are being implemented. Support for road infrastructure development will continue in 2014–2020 as well, with a focus on improving mobility at the regional level by connecting Class 2 and Class 3 junctions with the infrastructure of the Trans-European Transport Network. The integrated plans for urban recovery will be implemented in 67 cities, selected based on the National Special Development Concept paper.

## 4.2 Use of the Structural and Cohesion Funds

In the period 2007-2013, 53.5% (BGN 6.99 billion) of the budget under operational programmes in Bulgaria has been targeted at the implementation of measures promoting higher growth and more jobs. Those resources are allocated among five of the operational programmes – OPT, OPDCBE, OPHRD, OPRD and OPAC<sup>76</sup>. The largest amount of resources from the SCF envelop for Bulgaria is focused on the development of infrastructure for an improved access to the single market through three operational programmes: OPT, OPE and OPRD.

The main goal of OPT is the development of a sustainable transport system; hence, the programme provides financing for projects resulting in reduced pollution of the environment, including railway projects and projects for improved intermodality. It also operates schemes which encourage sustainable transport and eliminate bottlenecks in key network infrastructure. OPT implementation during the new programming period will enable the development of the main network and trans-border connections along the Trans-European Transport Network. Under this programme, BGN 1781.9 million has been paid out so far, and BGN 1579.7 million has been verified<sup>77</sup>. Under OPT, 23 contracts in 5 procedures have been concluded, contributing to the achievement of higher growth and more jobs. The total value of funding amounts to BGN 2605.4 million.

OPE is a leading contributor in the process of developing a competitive, low-carbon economy where resources are used efficiently and sustainably, and in terms of protecting the environment, reducing emissions and preventing the loss of bio diversity. Funding from OPE will

---

<sup>75</sup> Joint European Support for Sustainable Investment in City Areas

<sup>76</sup> UMIS data about funding from EU SCF as of 29.03.2013.

<sup>77</sup> Data concerning the amounts paid and verified under the programmes are as of 29.03.2013. Verified costs reflect only the value of grants and are net of any advance payments made under the projects.

make it possible to develop infrastructure to improve the efficiency of waste water treatment, improve the quality of potable water, keep water sources, soil and air clean, develop regional waste management systems and improve ecosystems by investing in the biodiversity sector. Under this programme, BGN 703.9 million has been paid out so far, and BGN 407.5 million has been verified.

OPRD is a leading contributor in terms of integrated and sustainable urban development that will ensure better connectivity with Europe and cohesion among national regions. In the framework of that programme, support is available to a range of activities relating to the improvement of energy efficiency, improvement of living environment in Bulgarian cities<sup>78</sup>, and application of the Public Private Partnership approach. There are also schemes related to the preservation of Bulgaria's cultural heritage and support to state and municipal medical care establishments. Under this programme, BGN 1 236.1 million has been paid out so far, and BGN 945.5 million has been verified. Under OPRD 9 procedures have been announced, contributing to the achievement of higher growth and more jobs. Under those, 129 contracts have been concluded, at a total value of BGN 354.2 million.

In terms of achieving better value-for-money in public spending, the contribution of the operational programmes can be seen along several lines. OPHRD and OPRD have a significant impact from the viewpoint of reforming the healthcare sector. In the framework of the pension reform, implementation of OPHRD schemes aimed at boosting economic activity and reducing long-term unemployment will support the stability of public finance in the context of population ageing in Bulgaria. Under this programme, BGN 882.5 has been paid out so far, and BGN 664.1 million has been verified. Under OPHRD, 92 procedures have been announced, with a focus on priority themes which contribute to higher growth and more jobs. So far, 2 835 contracts have been signed, with total financing amounting to BGN 1645.6 million under those programmes.

OPDCBE and OPAC are leading tools in overcoming the weaknesses in the business environment and improving administrative efficiency. OPDCBE measures focus on activities relating to creating an environment stimulating R&D and innovation, including through expanding access to financing and stimulating investment in SMEs. Under this programme, BGN 1 029.8 million has been paid out so far, and BGN 992.8 million has been verified. So far under OPDCBE, 25 procedures have been announced on priority themes which contribute to higher growth and more jobs. Under those, 2 281 contracts have been concluded, for a total value of BGN 1420.7 million. Although the total amount of funding under OPAC, and its target goals, do not imply a significant impact on the economy as a whole, that impact has become evident. The various procedures under that programme focus primarily on creating human capital, improving the institutional environment and information structure in the economy. So far under OPAC, 2 procedures have been announced, on topics contributing to the achievement of higher growth and more jobs. Under those, 12 contacts were concluded, for a total value of BGN 16.5 million.

---

78 To improve sustainable development in cities, the JESSICA Initiative (Joint European Support for Sustainable Investment in City Areas) makes BGN 64.5 million available for project in the seven largest Bulgarian cities. In the framework of the Initiative, a Regional Fund for Urban Development was selected in 2011, to finance projects in Plovdiv, Stara Zagora, Bourgas, Varna, Pleven and Rousse, and in May 2012, a Fund for the Urban Development of Sofia was also selected. Resources to be invested in the Regional Fund for Urban Development amount to BGN 110.7 million by 2015, and that includes private financing as well, which is twice more than the amount allocated under OPRD.



Funds contracted under the themes that contribute to the achievement of higher growth and more jobs amount to a total of BGN 6042.4 million. This is 86.5% of the funding allocated to the achievement of growth and employment targets under the operational programmes. The targets and strategies set under the seven operational programmes remain unchanged. In the next programming period, however, the synergies between absorption of EU funding and the implementation of targets under the Europe 2020 Strategy will be enhanced.

**Table 3: Expected Impact from Operational Programmes and Key Macroeconomic Indicators for the period 2007-2015**

	All OPs	OPT	OPE	OPRD	OPHR D	OPDCB E	OPAC	OPTA
Real GDP (%)	9.3	1.8	1.6	1.5	2.3	1.3	0.2	0.1
Private consumption (%)	8.5	0.6	0.9	0.8	3.6	1.4	0.4	0.1
Government consumption (%)	13.4	1.5	2.3	1.8	4.7	2.7	0.5	0.2
Private investment (%)	37.8	7.1	5.3	5.6	4.8	11.4	0.7	0.2
Government investment (%)	48.2	16.8	18.3	13.2	0.1	0.0	0.0	0.0
Exports of goods and services (%)	6.1	0.9	0.6	0.9	1.9	1.3	0.2	0.1
Imports of goods and services (%)	16.7	3.3	3.0	2.8	3.2	3.4	0.4	0.1
Employment rate (%)	6.6	0.1	0.4	0.4	3.7	0.9	0.3	0.1
Unemployment rate (pp.)	-3.2	0.1	-0.1	-0.1	-2.1	-0.4	-0.2	-0.1
Annual average salary (%)	33.6	6.2	4.4	5.2	7.4	5.1	0.9	0.2
Inflation (pp.)	1.7	0.7	0.6	0.5	-0.3	0.4	0.0	0.0
Budget balance/GDP (pp.)	1.3	-0.1	0.0	0.0	0.7	0.5	0.1	0.0
Public debt /GDP (pp.)	-6.2	-0.3	-0.4	-0.6	-2.1	-2.4	-0.3	-0.1
Current account balance/GDP (pp.)	-5.1	-1.4	-1.1	-1.0	-0.3	-1.2	-0.1	0.0

Source: Impact estimation using the SIBILA model

### 4.3 Bulgaria's Priorities concerning the European Structural and Investment Funds (ESI Funds) in the context of the Europe 2020 Strategy

The areas of intervention through ESI Funds in Bulgaria for the programme period 2014–2020 are defined as a cross point between European priorities set out in the National Reform Programme, which implements the Europe 2020 Strategy for inclusive, smart and sustainable growth, and the priorities set in the National Development Programme: Bulgaria 2020<sup>79</sup>.

On the basis of in-depth analyses of disparities, development needs and growth potential, 4 strategic and mutually complementing financing priorities have been identified. These financing priorities also cover the eleven thematic goals set by EC in the draft for a General Regulation for the programme period 2014–2020.

#### — Priority 1: Education, training and employment for inclusive growth

Increase employment rate (for people at a working age) and economic activity (with a focus on women, young people, older people, disadvantaged people), including through alternative, distance and flexible forms of employment; further modernisation of the labour market

<sup>79</sup> CoM Decision No. 1057 of 20.12.2012.

and social systems; improvement of knowledge, skills and qualifications of human resources, including in support of labour force adaptability.

Investments from the European Structural and Investment Funds under this priority will be implemented in the framework of Thematic Goal 8: “Employment promotion and support for labour force mobility”; Thematic Goal 9: “Encouragement of social inclusion and fight against poverty”, and Thematic Goal 10: “Investment in education, skills and life-long learning”.

#### — **Priority 2: Innovation and investment for smart growth**

ESI Funds in Bulgaria will focus on addressing the most serious challenges for the achievement of smart growth in the Bulgarian economy, namely: low competitiveness and productivity of SMEs in all sectors, insufficient rate of research and development and innovation market-oriented activities, and unsatisfactory access to and use of ICT.

Investments from the European Structural and Investment Funds under this priority will be implemented in the framework of Thematic Goal 1: “Strengthen research and development activity, development of technology and innovations”; Thematic Goal 2: “Improvement of access to Information and Communication Technologies (not including e-government)”; and Thematic Goal 3: “Enhancing the competitiveness of small and medium-sized enterprises; the agricultural sector (EAFRD) and the fisheries and aquaculture sector (EMFF)”.

#### — **Priority 3: Connectivity and green economy for sustainable growth**

This priority addresses challenges in terms of connectivity and accessibility (of the country and the regions) and the generally underdeveloped basic infrastructure and the national commitments undertaken by Bulgaria within the EU (in the water and waste sectors), which are capital-intensive and the implementation of which would be impossible without the substantial support of CSF funds. The analysis of development needs identified as a key issue also the high energy intensity and resource intensity of the economy and the levels of risk and sensitivity to climate change in rural areas and specific territories.

#### — **Priority 4: Good governance and access to quality public services**

Good governance is a key prerequisite for the creation of a favourable business and social environment for higher competitiveness and economic growth. Priority areas for financing will include, in the first place, completion of the administrative reforms and deployment of e-government (for wider access to higher quality services with a minimised corruption risk and administrative burden) and, secondly, law enforcement systems and an efficient judicial system (for improved business environment, guaranteed civil and consumer rights and higher legal certainty). ▲

# Annex 1: Progress Report on Country-Specific Recommendations and Other Macro Structural Reforms in Pursuance of National Targets and Priorities set in Europe 2020 Strategy

## — MEASURES ADDRESSING THE COUNTRY SPECIFIC RECOMMENDATIONS OF 10 JULY 2012

CSR number	CSR sub-categories	Number. and short title of the measure	Information on the measures, launched and planned								Expected outcome		Responsible institution	Status of the measure
			Description of main measures of direct relevance to address the country-specific recommendations					Europe 2020 targets	Challenges/risks	Budgetary implications	Effect on quality			
			Main policy objective and relevance to the country-specific recommendation	Description of the measure	Legal / Administrative instruments	Timetable on progress achieved in the last 12 months	Timetable on upcoming stages of implementation of the measure	Estimated contribution to Europe 2020 targets	Specific challenges/risks in implementing the measures	Overall and yearly change in government revenue and expenditure (BGN million)	Contribution of EU funds (by source and amount)	Qualitative description of foreseen impacts and their timing		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
CSR 1: Public finance	A) Improvement of the quality of public spending on healthcare	SCR 1-A (1) Improve preventive medical services	Improve out-patient medical care	National Programme for Primary Prophylaxis of Cervical Cancer in Bulgaria 2012–2016 Strengthening the model of health mediators and raising the awareness of the population about chronic non-communicable diseases Projects „Informed and healthy” and „STOP and have a medical examination”	CoM Decree No. 29 of 25.07.2012, Ordinance No. 15 of 2005 on immunizations in the Republic of Bulgaria, Law to amend and supplement the Health Law (SG, No. 40 of 29.05.2012) in force from 1.06.2012) on banning smoking at public places	As of the end of 2012 – the first immunization of 4 578 girls from the main target group; realized immunization coverage for 2012 - 13.9% of the target group, 56 health mediators trained in 2012 to work with the vulnerable groups. Conducted 6 national healthcare campaigns, aimed at reducing the use of salt, of psychotropic substances by the young people, reducing smoking, industrial accidents, domestic accidents, traffic accidents. Completion of the construction of the information system used for cancer screening.	Conduct awareness campaigns on cervical cancer and the possibilities for primary prophylaxis - till 2016; annual increase of the immunization coverage of the target group by 25 %; Developing of methodological guidelines for physicians on the assessment and control of the main risk factors for health; Opening of territorial centers for awareness building, consulting and training; An information system for cancer screening is to be introduced by the end of 2013; a national awareness raising campaign is to be conducted and cancer screening of 400 000 persons will be undertaken (total for the three locations).		Insufficient financing, manifested strong anti-immunization attitudes.	Under the program-based budget of the MH. The funds will be disbursed as earmarked transfers to NHIF annually – BGN 2.2 million for 2012 for prophylaxis of cervical cancer. Financing from ESF under the project „Informed and healthy” for conducting national awareness campaigns – BGN 4.7 million Funds from ESF under the project for cancer screening „STOP for a medical examination” – BGN 19.6 million	Protection of the population health. Improvement of the health status of the vulnerable groups. Equal and efficient access to quality healthcare. Expanding the immunization coverage to 95% of persons subject to immunization	MH (MoF, NHIF)	IN PROGR ESS	
		SCR1-A (2) Introduce diagnostic-related groups (DRG)	Optimize the hospital sector and improve the quality of spending in hospitals.	Changing the model of hospital financing by introducing DRGs based on the AR-DRG classification system. Developing a new methodology for DRG-based payment of hospital activity.	Minutes No. 44 of CoM meeting of 08.12.2010	A roadmap for the introduction of DRGs adopted; Update of the information system; Specialized Hospital Software; Agreement signed with NRA and Civil Registration and Municipal Service Department (CRAS) for control of the status of health insurance and identity of the patients; As of 01.01.2013 the grouper was put into	Development of rules for the collection of medical statistics and financial-economic data electronically and for expansion of the capacity of the central sub-system – January 2013; Amending NCU for planning the high-tech medical activities – January 2013; Training in coding of the diagnosis and of the causes for death – February 2013; Adopting a methodology for DRG-based payment for		Lack of financing for the training of coding specialists and for upgrading of the software bought by the World Bank.	Within the Programme Administration of the 3-year budget forecast	Changed model of financing of healthcare system towards fair financing of hospital care and increased quality and access to medical care.	MH (National Center of Public Health and Analysis - NCPHA)	IN PROGR ESS	

1	2	3	4	5	6	7	8	9	10	11	12	13	14
						operation, covering grouped data for 2011 – 1 500 000 records; Costing each DRG on the basis of calculated weight.	hospital activities - IV.2013; Amending primary and secondary legislation – 2014; Operational start of the DRG system – in the beginning of 2015.						
		CSR 1-A (3) Hospital restructuring	Optimizing the hospital sector	National Health Strategy and Action Plan for restructuring of the hospital sector; Scheme "Support to the restructuring/renovation and equipment of municipal hospitals in municipalities outside the urban agglomeration areas "	Concept paper on the restructuring of the hospital sector (CoM Decree No. 49 of 16.12.2009) National Health Map (CoM Decision No. 103 of 24.02.2011) OPRD	5 hospitals servicing less than 1200 patients restructured (General Toshevo, Tervel, Kotel, Malko Tarnovo and Godech) into medical centers for active treatment – September-December 2012; 12 municipal hospitals closed in 2011-2012.	Procuring equipment for cancer diagnostics and construction works at 10 regional medical facilities; New complexes and delivery of equipment for radiotherapy for 3 national medical facilities		Risk of delays in the project implementation and shortage of financing.	Projects under OPRD – Mid-term Framework Investment Programme standing at BGN 147.1 million for financing medical facilities the state interest is more than 50%; and BGN 139.4 million for financing of municipality-owned medical facilities.		MH (MA OPRD)	IN PROGRESS
		CSR 1-A (4) Optimize the therapeutic policy	Reducing and optimizing spending on medicines. Promoting the optimal use of medicines.	Creating a register and approval of uniform standards for optimal use of medicines.	Law to amend and supplement the Law on Medical Products in Human Medicine (SG No. 60 of 05.08.2011); Ordinance on the regulation and registration of the prices of medicinal products (SG No. 100/2011); CoM Decree No. 74 of 1.03.2013 on the setting up of a National Council for Pricing and Reimbursement of Medicinal Products.	Changed mechanism of procuring certain groups of medicinal products for treatment of cancer and dialysis patients. Functioning Register for medical devices at the Bulgarian Drug Agency.	Filling out the register of traders and manufacturers of medical devices and equipment – June 2013; In 2013 the pricing policy will be implemented by a National Council for Pricing and Reimbursement of Medicinal Products.		Weak competition between the manufacturers of medicinal products.	The value of the contract for creation of the Register is BGN 0.1 million and the maintenance period of the software is 3 years starting from 30.11.2012.	Easier access to high quality medicinal products for treatment of cancer and dialysis patients.	MH (NHIF)	IN PROGRESS
		CSR 1-A (5) Development of e-healthcare	Developing the information system in healthcare; Providing e-services in healthcare.	Creating information health registers – register for mental disorders and register for rare diseases. Project BaSIS for creation of a single information system in healthcare: Project „STOP for a medical examination“ for establishing a national screening register and warning system.	OP HRD Ordinance No. 39 on the annual medical checks and recording of patients needing regular care.	The reorganization of the cancer registry and the registry for mental disorders has started; The screening register is being created; 50 thousand examinations for breast cancer, 250 thousand for cervical cancer and 100 thousand for colorectal cancer have been performed.	Finalizing in 2013 the establishment of a National Screening Register and of a warning system; The register shall be operational by the end of 2013; Conducting distance and "on-the-job" training of staff to operate the system; Registering the medical facilities, uploading of data from NHIF, DG CRAS and NCR and informing the target groups; Completing the building of the basis for the health information system (project BaSIS) – October 2013.		Amendments to LPP, communication with other institutions on the creation of the information systems and putting it into operation.	Budget funds of MH for creation of the registers; OPHRD (projects „BaSIS“, „STOP and go to a medical examination“, „Informed and healthy“)– BGN 34 million, of which BGN 28.9 million from ESF and BGN 5.1 million national co-financing	Tracking and control of the movement of patients. Improved health status of the population. Reduced morbidity rate and hospital treatment spending	MH	IN PROGRESS
		CSR 1-A (6) Develop a system of motivation, specialization,	Raising the qualification of staff; Improvement of	Project „PITEC- Practical Introduction to the Treatment of Emergencies“ (2009-2013)	OPHRD Ordinance No. 34 on acquiring specialty in the healthcare	Training of physicians, nurses and drivers from the Centers for Emergency medical care	Service contracts with national consultants for inter-disciplinary medical standard for emergency		LPP, interrelations with the autonomous HEIs.	OPHRD (projects PITEC and New Opportunities for Physicians in	Satisfied demand for medical personnel and for specialization of staff; developed	MH, HEIs	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		qualification and continuous learning in the healthcare sector.	the quality of offered services.	Project „New opportunities for the physicians in Bulgaria“ (2012-2014) .	system.	(CEMC) in the country – trained 1500 persons; The ranking under the project New Opportunities for Physicians in Bulgaria will be announced in February 2013.	medical care– January 2013. More than 6000 people from 28 CEMCs will be trained till the end of 2013.			Bulgaria) – BGN 22. 3 million, of which BGN 19 million from ESF and BGN 3.3 million from national financing.	systems for qualification and continuous learning. Ensured adequate planning of the necessary human resources in healthcare.		
	B) Coping with the shadow economy	CSR1-B (1) Manage the risks of violations of tax and social insurance legislation.	Combating VAT frauds and other tax-related offenses.	Combating the concealment of turnover, tax evasion, non-payment of social security obligations. Identification and inclusion of other new risks. Combating VAT-related fraud.		Reduction by 84% of the damages from risks handled and assessed through the system of risk management from the first year of prioritization to date. Reduction by 24% of the number of risky persons, defined according to the risks handled and assessed through the risk management system, from the year of the first prioritization to date.	Introducing additional e-services (incl. such services related to the single account), and expanding the communication channels with the Information center of NRA, while adding channels for use free of charge -in 2013 r. Connecting bus carriers with the system of NRA – by the end of 2013.				Decreasing the scope of the shadow economy and improving tax collection performance.	NRA	IN PROGRESS
		CSR1-B (2) Implement the Bulgarian Excise Duty Centralized Information System (BEDCIS)	Improving VAT and excise duty compliance and collection, and guaranteeing equality of the economic operators.	Data exchange between the information systems of NRA and the Customs Agency (CA).	Law to amend and supplement the Penal Procedure Code (PPC) (SG. No. 93 of 25.11.2011); Amendments to Ordinance No. 3 on the specific requirements and control exercised by the custom authorities on measuring goods subject to levying excise duty. Law to amend and supplement the Law on Excise Duties and Tax Warehouses (LEDTW) (SG No. 15 of 15.02.2013).	Amendments made to LEDTW and to the secondary legislation. Drafted Regulation on the amending and supplementing The Implementing Regulation for LEDTW detailing the administrative control and providing for more simplified procedures for the economic operators. BEDCIS put into operation – 1 April 2013.	Automating the data exchange process and the control of the chain for realization of goods subject excise duty, as well as the electronic data exchange between the two revenue agencies.			Period of adaptation of the business to the use of the new services.	Minimizing the risk of fraud.	CA, NRA	IN PROGRESS
	C) Forming the salaries in the public sector.	CSR 1-B (1) New model of payment in the state administration	Bind the pay to performance. Transparency in the process of defining the salaries in the public administration.	Introducing a new classifier of jobs in the administration with the aim to determine the remuneration more fairly in accordance with the complexity and responsibilities of every position. Amending the legal framework to introduce the new model of payment.	CoM Decree No. 129 of 26.06.2012 adopted the main package of legislative changes in the area of state administration: Classifier of positions at the state administration. Ordinance on the implementation of the Classifier of positions. Ordinance on the salaries of employees in the state administration. Ordinance on the terms and conditions for performance assessment of the employees of the state administration. Ordinance on job	59 laws and 18 secondary legislation acts amended. The amendments providing for the new model of remuneration have entered into force on 1.07.2012	Increase by 13 % of the average remuneration in the central administration in 2012 without allocating additional budget resources. Possibility to apply flexible approaches in the remuneration policy of each administration within the framework of the available budget - starting from 2013.		Some of the administrative structures fall short of financial resources for implementation of the system of performance-based incentives. Imprecise or purely formal implementation of the new provisions.	Budget-neutral effect. The funds for remuneration are within the budget appropriations.	Improving the quality of administrative activities.	CoM	Implemented

1	2	3	4	5	6	7	8	9	10	11	12	13	14
					descriptions of the civil servants.								
CSR 2: Pension System	A) Control on the allocation of invalidity pensions.	CSR 2-A (1) Single information system for medical expertise.	Tightening of the control on the activity of TEMC and NEMC and the financial resources of NSII, NHIF, TEMC and MLSP. Achieving real-time transparency and control of the expertise by all interested institutions.	Project „Single information system for medical expertise in Bulgaria“ for further development of the information systems in place at NEMC, the Regional registers for medical expertise (RRME) and the TEMCs.	OPHRD	Analysis of the hardware currently available at TEMC, NEMC and RRME, and of its external and internal connections. A procedure was launched for procurement of the necessary hardware and communication equipment for the needs of the authorities for medical expertise (TEMC, NEMC and RRME)	Development of software and procurement of computers – end of 2013. Training of 600 persons to operate the system– in 2013.		Delays in the development of the software and lack of enough trained people. Funding problems.	BGN 0.8 million, of which BGN 0.68 million from ESF and 0.12 million - national co-financing.	An integrated information system for medical expertise put in place in Bulgaria alongside with a centralized register of citizens that have been examined in the system of medical expertise, which register will be able through controlled access to provide information to all stakeholders – citizens and institutions.	MH (NEMB)	IN PROGRESS
		CSR 2-A (2) Uniform certification standards and algorithm.	Achieve transparency and real-time control of the expertise by all interested institutions.	Adopting uniform, standards and algorithm for the preparation and referral of the persons to certification.	Ordinance amending and supplementing Ordinance No. 40 of 2004 on defining the main package of medical activities guaranteed by the budget of NHIF (SG, No. 62 of 2010).	Adopted uniform standards and algorithm for preparation and referral of persons to certification.	Developing a model for optimization of the medical expertise, with proposals for amendments to be made to the Regulation on medical expertise.				Shorter period of allocation of allowances, social assistance payments and pensions.	MH (NEMB)	IN PROGRESS
CSR 3: Employment and social inclusion	A) Implementation of the national youth employment initiative.	CSR 3-A (1) Ensure education, internship and employment to unemployed young people.	Assistance for the transition from education to employment.	Schemes under OPHRD „First job“, „New job“, „Creating youth employment by providing opportunities for internships“, „Support for the institutional strengthening of labor market institutions, for social inclusion and healthcare“ Subsidies for trainings and employment as per article 36 para. 1.2 of the Employment Promotion Act (EPA). Subsidies for funding internships up to 9 months as per article 41 of the Employment Promotion Act (EPA) – Programme "Start of carrier development"	National Action Plan on Employment (NAPE) for 2013 (CoM Decree No. of 19.12.2012 and CoM Decree No. 957 of 29 December 2011) EPA(SG. No. 7 of 24.01.2012) OPHRD.	Launched schemes under OPHRD (2009-2010): In 2012 1568 persons included in training courses, 6588 persons in internship programs, and 638 persons in employment. Subsidized employment of persons up to 29 years of age as per article 36 (1) and (2) of EPA - 1029 persons in 2012. Internships as per article 41 of EPA - 180 persons in 2012 for a period up to 6 months. Under Programme „Start of the carrier“ 770 persons employed in 2012.	End of the schemes under OPHRD (05.10.2014). Target for the total number of persons included in training - 4530, in internship programmes – 8550 persons, and employed - 4100. The EPA has been annually enforced according to NAPE. The target for 2013 is for (new) employment - 2350 persons (art.36,(1) and (2) and 750 persons included in internship programmes (art.41). 2000 persons to be included under the Programme "Start of the carrier" in 2013.	4530 young persons newly employed till end of 2014, plus another 950 in 2013 (pursuant to EPA). Under schemes funded from OPHRD – 8550 persons in internship programmes in the period 2012-2014. Pursuant to art.41 of EPA – 480 persons in internship programmes over the period 2012-2013. Under „Start of the carrier“ programme in 2012: 1570 persons employed, of whom 770 were included in 2012, and another 2000 will be included in 2013.	Insufficient number of candidates to ensure/create jobs, through which subsidized employment of persons of the target group can be achieved. Lack of interest on the part of unemployed young people to be included in the Programme schemes.	2012-2014 budget for measures under OPHRD – ESF BGN 53.4 million and national co-financing BGN 9.4 million. The funds spent in 2012 for measures under EPA art. 36, (1) and (2) – BGN 2 million; art.41 – BGN 0.8 million. Funds foreseen for 2013 – art.31, (1) and (2) – BGN 7 million, art.41 – BGN 1.8 million. Programme „Start of the carrier“ Funds spent in 2012 stand at BGN 3.8 million. Funds foreseen for 2013 – BGN 6.2 million.	Improved employability and adaptability of young persons. Increased share of qualified labour force among the employed and active young people.	MLSP (EA, SAA, MEYS)	IN PROGRESS
		CP3-A (2) Improvement of the legal framework with a view to promoting youth employment.	Rendering assistance for the transition from education to employment.	Regulating the internship contract as a separate type of contract. Promotional measures under EPA for subsidizing part-time employment and for promoting	Code of Labour Law to amend and supplement the Law on Employment Promotion (SG No. 15 of 15.02.2013, in force from 1.01.2014).	The employers supported to employ young persons durably unemployed, as well as young persons with preliminary and lower educational level who have No. qualification, with a	Amendments to EPA for promoting youth employment and internships - till 31.12.2013. Law to amend and supplement the Code of Labour – till 31.12.2013. Periodical data exchange	0.8% <sup>80</sup> of the unemployed young people will be included in employment in the period 2012-2014.	Concerning the measures under EPA the outcome will depend on the opportunities for budget financing.	Budget for 2013 for measures under EPA art. 36a – BGN 0.8 million. Art. 41a of EPA – BGN 0.95 million.	Easier adaptation of unemployed young people to the work environment and easier integration in labour market. Incentives provided to employers to hire	MLSP	Π

80 Ratio of the number of young people to be included in the promotional measures in 2014 under EPA, to the average number of unemployed young people in 2012.

1	2	3	4	5	6	7	8	9	10	11	12	13	14
				employment of unemployed young people with preliminary and lower educational background and without any qualification, providing internships to unemployed young persons aged up to 29 years. Regulating the exchange of information between the education and social welfare systems.		view to acquiring working skills at the job with the help of a mentor.	between the Ministry of Education, Youth and Science and MLSP on Bulgaria's joining the initiative Guarantee for youth of the European Commission.				young people.		
	B) Minimum thresholds for social security contributions; undeclared work (recommendation concerning macroeconomic imbalances).	CSR-B (1): Conduct a study of the impact of the minimum social security thresholds on employment.	Assessment of labour market policies.	A study of the impact of minimum social insurance thresholds on employment, conducted with the participation of the social partners.	NAPE for 2013 (CoM Decision of 19.12.2012)	A working group set up in January 2013.	Results of the study - 31.12.2013		Quality of the data to be used in conducting the study.	Budget appropriations: BGN 60 000 from the budget of MLSP for 2013.	Improved assessment of the employment and social insurance policies.	MLSP	IN PROGR ESS
	C) Improvement of the work of the Employment Agency.	CSR 3-C (1): Access to high quality public services for employment.	Achieve fast and efficient establishment of the unemployed at the labour market and activation of the discouraged unemployed. Improve the administrative capacity and the work with the vulnerable groups.	Building public terminals of the Employment Agency under the scheme "Modernizing the service delivery system". Scheme "Improving the quality of services discharged by the Employment Agency to the citizens and businesses, with a focus on the vulnerable groups at the labour market" Organizing general and specialized labour exchanges.	OPHRD	108 terminals established for servicing unemployed persons and for delivering services to discouraged and inactive people. The project „Succeeding together“ for introduction of one-stop-shop (2011). As of the end of 2012 46 Labour Office Departments work on the principle "one-stop-shop" (of a total of 98 LODs). 72 labour exchanges conducted in 2012, where 7047 vacancies were announced, and 6363 persons were employed. In 2012 the vacancies recorded with the Labour offices were 127 143. 1997 employees of the EA trained .	Installation of software at the public terminals and putting it into operation till the end of 2013. 1450 employees included in training sessions targeted at vulnerable groups at the labour market, 261 newly appointed employees, among them – 250 mediators; 84 regional and 12 specialized labour exchanges conducted in 2013. The target for introduction of the one-stop shop principles in another 40 LODs should be fulfilled till 2015; conducted labour exchanges – 411, number of vacant jobs announced 150000 and number of job seekers - 360 000, trained staff of the EA – 3615.	Number of people appointed through LODs at the primary labour market in 2013 – 120 thousand.	Underuse of the terminals due to the lack of interest on the part of job seekers. Delays in the public procurement procedure.	Budget appropriations under Programme 1 „Ensuring employment“ For all schemes for the period 2012-2014 BGN 9.8 million come from ESF and BGN 1.7 million come from national co-financing.	Improved job-vacancy coefficient. Improved employment services by modernizing and building administrative capacity.	MLSP (EA)	IN PROGR ESS
		CSR 3-C (2): Putting in place a system for forecasting the demand for labour power with definite qualifications.	Improve the correlation between the knowledge and skills demanded and supplied at the labour market.	Project „New skills for new jobs“ Project „Putting in place a system for forecasting the demand for labour power with definite characteristics“.	OPHRD	Conducted pilot study of the needs of employers for working force with definite characteristics in 2011 under project New skills for new jobs. The project Putting in place a system for forecasting the demand for labour power with definite characteristics , launched in January 2012 with the aim to help in further improving the pilot model.	Report on the results of the pilot study. Electronic national qualifications barometer. Development of a system for forecasting - deadline 31.12.2014.		Limited methodology for forecasting the demand for labour force with definite qualification levels.	Expenditures for 2012-2014 – BGN 1 million come from ESF and BGN 0.2 million come from national co-financing.	Improved policy of consistency between labour demand and supply.	MLSP (EA, MIET)	IN PROGR ESS
	D) Improvement	CSR-D (1): Ade-	Improve the	Introducing legislative	Law on Social Assis-	Eliminated limitation of	The draft of the first 2-year		Change in the struc-		Incentives for job	MLSP	IN

1	2	3	4	5	6	7	8	9	10	11	12	13	14
	of the efficiency of social transfers.	quate and properly targeted social assistance.	adequacy of social transfers, depending on the need to ensure better quality of life to the most vulnerable groups in the society.	changes to improve the adequacy of social transfers. The forthcoming changes are connected with the impact assessment of the policy aimed at ensuring adequate and sustainable social transfers.	tance (SG No. 32 of 24.04.2012, in force from 24.04.2012) and its Implementing Regulation. National Strategy for Reducing Poverty and Promoting Social Inclusion 2020.	the period in which the unemployed persons in working age are continuously entitled to receiving monthly social allowance. Shortened period from 9 months to 6 months for the compulsory registration of unemployed persons in active age with the labour offices, in cases where they apply for allocation of social assistance; Relieved access to monthly and targeted heat allowances in cases of transfer of property, depending on the size of the deal; Increased income threshold from 150 to 250 percent of the differentiated minimum income, applicable when deciding whether a person is to be entitled to a monthly target allowance for payment of the rent for a municipal house.	Action Plan for the Strategy will be ready by December 2013. On Priority 5 „Ensuring sustainable and adequate social transfers“ of the Strategy – material support will be ensured to persons and families in disadvantaged position; an impact assessment will be performed of the policy aimed at ensuring adequate and sustainable social transfers.		ture of poverty and efficient combination of topicality and sustainability of the social assistance system.		seeking will be in place and the control and proper targeting of allocation of social assistance will be improved.		PROGRESS
		CSR 3-D (2): Material support and accessible environment for disabled people.	Improve the quality of life of disabled people and create an appropriate environment for their integration.	Payment of the amounts spent on purchasing and repairing of aids, equipment and medical devices. Payment of integration allowances. Payment of target assistance for social integration.	Law on the Integration of People with Disabilities (LIPD) SG, No. 81 of 17.09.2004, in force from 01.01.2005. Regulation for the implementation of LIPD, adopted with CoM Decree No. 343 of 17.12.2004, SG, No. 115 of 30.12.2004, in force from 01.01.2005.	Funds paid from the 2012 state budget: BGN 30.5 million for the purchase and repair of equipment and medical devices; BGN 128.5 million (for 495 981 assisted persons, among them 19 149 children) for paid integration allowances; BGN 1.6 million target assistance for social integration (38 726 assisted persons). BGN 3.1 million paid to finance projects for active inclusion of disabled people in the social life (actively included 5 869 disabled persons).	Assistance and protection of 494 400 disabled persons by paying BGN 32 million for the purchasing of equipment and medical devices. BGN 3.7 million for financing projects for active inclusion of disabled persons in social life.		Shortage of funds and lack of applicants for projects to be financed by the Agency for Disabled persons.	BGN 163.6 million from the state budget under Programme Integration for 2012. BGN 161 million per year from the state budget under Programme Integration of Disabled People for 2013 – 2016.	Active participation of disabled people in all areas of social life.	MLSP	IN PROGRESS
	E) Access to quality social services for children and adults.	CSR 3-E (1): Law on the Child	Guarantee the rights of all children, not just of the children at risk.	Drafting and enacting the Law on the Child, Ordinance on the criteria and standards for social services for children – CoM Decree No. 256 (SG, No. 7 of 21.01.2011).	Draft of the Law on the Child	The draft of the Law for the Child draft was developed in 2011 with the participation of all stakeholders, in order to guarantee the rights of all children. The draft law is in a process of public discussion – April 2013.	Enactment of the Law on the Child and of the secondary legislation for its implementation 2014 – 2015.		Delaying the enactment of the law.		Uniform legal framework, guaranteeing the rights of all children.	MLSP	IN PROGRESS
		CSR 3-E (2): Access to integrated services for early childhood devel-	Sustainable, quality and affordable social services and	Agreements with local governments for establishing centers for integrated services for	Loan Agreement between the Republic of Bulgaria and the International Bank	Implemented Social Inclusion Project (2010) for enhancing the readiness of children to	The period of the Loan Agreement with IBRD is till 31.10.2013. The construction works	30 thousand children in 69 municipalities will receive access to integrated services.	The project is in a process of restructuring, which includes extension of the Loan	In 2012 the total value of the projects was BGN 78.7 million, of	Equal start of children from vulnerable social groups in the first seven years of	MLSP (municipalities)	IN PROGRESS



1	2	3	4	5	6	7	8	9	10	11	12	13	14
		opment.	prevention of social exclusion of children and families at risk.	children. Provision of integrated social, healthcare and educational services for early childhood development for children aged 0 – 7 years.	for Reconstruction and Development (IBRD) signed on 18.11.2008 – (Loan BGN 7612)	start their school education before turning 7 years, particularly targeting children of low-income families and from vulnerable groups. 69 municipalities have been financed under the project to date, and 69 works contracts amounting to BGN 28.7 million have been financed (50 works contracts have already been completed).	and delivery of technological equipment and furnishing of the centers for integrated services for children have to be completed by 2014.		Agreement. If no agreement is reached on the extension of the Loan agreement, the project will not be able to achieve the set objectives.	which BGN 70.9 million debt financing and BGN 7.8 million municipal budget funds. The expenditure ceiling for external financing for 2013 is BGN 13.8 million, and it is expected the amount to be absorbed 100%.	life.		
		CSR 3-E (3): Deinstitutionalization of child care.	Provide quality services targeting the specific needs of every child. Prevent violence and early school leaving, work for reintegration of children. Ensure counseling and support for families at risk, assessment, support to and training to foster and adoptive parents.	5 projects foreseen in "Vision for Deinstitutionalization of Children in the Republic of Bulgaria": 1. Project for deinstitutionalization of children aged 0-3 years from the Homes for Medical and Social Care for Children (HMSCC); 2. Project Childhood for all for deinstitutionalization of children over 3 years of age, placed in specialized institutions for disabled children and HMSCCs; 3. Project Development of the system of planning and delivering of social services at the regional level; 4. Project for foster care - I have a family too; 5. Project for carrier development of social workers Strengthening the capacity of the Agency for Social Assistance (ASA) to raise the quality and efficiency of social work; 6. Building regional infrastructure for social services targeted at children at risk. (MRDPW)	National strategy "Vision for Deinstitutionalization of Children in the Republic of Bulgaria", OPHRD, OPRD 2007-2013	1. 8 HMSCC closed and reorganized and 207 children taken out of the homes. 2. Repeated in-depth assessment of children and adolescents residing in 55 institutions for disabled children – March 2013. The process of building the services has started in 81 municipalities and construction works are underway in 17 municipalities. 3. Prepared analysis for the introduction of an integrated model of social inclusion of children from HMSCCs – in 91 settlements (here is a recommendation for the development of 120 social services) . 4. Teams for foster care have been formed in 83 municipalities-partners. 394 foster families have been approved and 328 children have been placed with foster families by March 2013 5. 400 social workers employed at the Social Assistance Department of the SAA and an analysis of the needs for training and supervision of the experts and social workers has been completed. 62 contracts for regional infrastructure are being implemented (8 of them concluded in 08.2012).	2. A second assessment is to be performed of all children turning 3 years during the year and they will be grouped anew. Training of the social workers to work with a data base of children. 4. A single financial standard will be developed for the service foster care; 300 more children will be placed in foster families; 200 new families will be approved till 10.2013. 6. 31 contracts for regional infrastructure will be completed in 2013 and 31 – in 2014.		1. Insufficient number of Homes for Medical-Social Care for Children. 4. Lack of sustainability of achieved outcomes in the event that a single state financial standard is not adopted for the service „Foster care“ 6. Delayed implementation of the projects for construction of regional infrastructure.	Under OPHRD for the 5 projects for deinstitutionalization BGN 69 million, of which BGN 58.7 million come from ESF and BGN 10.3 million from national co-financing for 2011-2014. Under OPRD for construction of regional infrastructure for social services for children at risk, the total amount is BGN 103.6 million, of which BGN 88.1 million come from ERDF and BGN 15.5 million – from national co-financing for 2011-2014.	Elimination of the specialized institutions for children. Efficiency of the system of provision of community-based care for vulnerable children and their families.	MLSP, MH, MRDPW (MEYS, State Child Protection Agency (SCPA), ASA, EA, municipalities)	IN PROGRESS
		CSR 3-E (4): Improving the network of long-term care services.	Abolishing the institutional model of care and developing intersectoral services for social inclusion.	Expansion of the network of social services across the country, deinstitutionalization and promotion of the interaction between	Draft of the National Strategy for Long-term Care CoM Decision No. 850 of 12.10.2012 amending CoM	As of 31.01.2013 the number of community-based social services is 186 (capacity 5 802 places, occupied places 5 787); 197 services of	Development of the National Strategy for Long-term Care - 31.03. 2013 and adoption of the Strategy during the first half of 2013.			BGN 177 million for social services, of which BGN 102.6 million for specialized institutions for social	High quality social services provided to the elderly people after their exit from the labour market.	MLSP	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
			sion.	health and social services. Reconstruction/innovation/equipment of the social infrastructure serving the elderly and disabled people.	Decision No. 327 of 25.04.2012 on delineation of the activities financed through the municipal budgets into local and delegated by the state activities, and on determining expenditure standards for the financing of activities delegated by the state in 2013.	residential type (capacity 2 420, used - 2 233). Existing 81 for elderly people homes (capacity 5 648 places, occupied 5 339 places) and 80 specialized institutions for disabled people (capacity 5 561 places, of which occupied are 5 424 places).	Introduction of new community-based long-term care services, closing of specialized institutions for elderly and disabled people till 2015.			services and BGN 73.4 million for provision of community-based services in compliance with the expenditure standard for activities delegated by the state in 2013.			
	E) Roma integration	CSR 3-F (1): Implementation of the National Roma Integration Strategy of the Republic of Bulgaria - NRISRB (2012-2020)	Integrated approach to the social integration of the Roma population.	Adoption of measures for pooling the resources territorially, available under different priorities, in conformity with the local peculiarities and needs, including the needs of the people most at risk, with the aim of achieving a visible change of the settlement (neighbourhood).	National Assembly Decision of 1.03.2012 on the adoption of the NRISRB	Prepared Action Plan for the implementation of the Strategy. Implementation of the National Action Plan for the „Decade of Roma Inclusion 2005- 2015”– 2012-2014.	Analysis of the prepared action plans for the period 2012-2014 and proposal for topics to be addressed in the OPs 2014-2020 – deadline May 2013. Development of municipal action plans for Roma integration - by December 2013. Analysis of the implementation of the National Action Plan for the Decade of Roma Inclusion 2005-2015 dated January 2015. Interim review and update of the Strategy in 2017.		The full engagement of the regional and municipal administration in the process of development and implementation of the regional strategies and of the municipal action plans.	Resources planned in the municipal budgets.	Alleviated poverty and the exclusion of the Roma population.	CoM administration	IN PROGR ESS
CSR 4: Education and scientific research and development	A) Legislative changes in the sector Education.	CSR 4-A (1): New Pre-School and School Education Act	Improve the quality of school education. Expand the access to the system of pre-school and school education.	Drafting and enacting of the new law. Drafting the relevant implementing regulations for the new law.	CoM Decision No. 271 of 05.04.2012 on the draft of the law	Developed draft of the law and drafts of 4 pieces of secondary legislation – on information and documentation; on textbooks, and study materials and aids; on civil, health and intercultural education; on inclusive education.	Enactment of the law and adoption of the secondary legislative acts for enforcement in the school year 2013-2014.	Contribution of the measure to reducing the number of early school leavers.	The formation of a new NA after the parliamentary elections.	Budget appropriations (general and by institution), funds under Programme Quality Assurance in the Pre-school and School Education.	Increase of the number of children graduating the secondary schools. Improved educational status of the population.	MEYS	IN PROGR ESS
	B) Updating of school curricula.	CSR 4-B (1): Updating of curricula at all levels of education.	Improve the quality of school education, professional education and training and higher education by orientating it to the labour market.	Updating the educational content of the general education under the procedure “Improvement of the Quality of Comprehensive Education”. Updating of the curricula and syllabuses for professional education. Operation Updating the Curricula and Syllabuses in Higher Education in Conformity with the Demand at the Labour Market.	OPHRD	Developed standards for all subjects of the general education (incl. for profiled subjects), new syllabuses, indicators measuring compliance with the standards and qualification levels. Launched project for the vocational schools (October 2012) for which the schools must apply jointly with employer organizations for up to BGN 352 million. A project for higher institutes launched in partnership with employers (2012) , under which contracts with 40 higher educational institutes have been concluded by April, 2013 r – with coverage of approximately 80% of the students studying in	Forthcoming is the training of 38 000 teachers (i.e. 82% of the teachers in the comprehensive schools in 2011/2012) and of 2000 textbook evaluators to be trained to work according to the new standards. 20 educational parks for innovative knowledge and skills will be built (at least 3200 high school students will be involved in educational activities in these parks and 2500 will have successfully completed them) and 100 teachers will undergo training to work with the new technological equipment; 20 curricula and 40 syllabuses will be developed. New syllabuses will be developed for the higher education – October 2014.		The introduction of the new syllabuses in the comprehensive schools depends on the adoption of the Law on Pre-school and School Education. The professional schools are not sufficiently covered (20 educational parks while the total number of professional schools in 2011/2012 school year was 477). The measure does not provide sufficient coverage of all faculties of the higher educational institutes (HEIs).	BGN 10 million, of which BGN 8.5 million come from ESF and BGN 1.5 million – from national co-financing. BGN 7 million, of which BGN 5.95 million come from ESF and BGN 1.05 million from national co-financing. BGN 11.8 million from which BGN 10 million from ESF and BGN 1.8 million – national co-financing.	Enhanced knowledge and skills of the students. Educational activities made more attractive and students are retained in the system. Labour market performance of the young people is improved.	MEYS	IN PROGR ESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
						the higher institutes which concluded contracts.							
	C) Training of teachers	CSR 4-C (1): Upgrading the qualification of teachers, pedagogical specialists and university professors.	Raise the quality of education and training	Operation Qualification of pedagogical Specialists under OPHRD for development of the skills of pedagogical specialists working in schools and kindergartens. Implementation of the National Programme Qualification. Building the administrative and pedagogical capacity of schools and kindergartens in compliance with the new Pre-school and School Education Act. Operation Qualification and Carrier Development System for Lecturers at the higher educational Institutes .	Collective bargaining agreement in the system of public education of 28.06.2012. OPHRD National Programme Qualification (CoM Decision No. 310 of 20.04.2012) Law on the Development of the Academic Staff (SG, No. 101 of 28.12.2010	Implementation of the collective bargaining agreement for the 2012/2013 school year – 1808 school directors and 220 teachers trained; The National Programme Qualification implemented 100% in 2012 – 1638 directors and other pedagogical specialists trained. An operation launched in the higher education system on 18.04.2012 with the aim of developing the specific professional knowledge and competences connected with the new curricular.	The collective agreement will be implemented in the academic year 2013/2014. The national Programme Qualification for 2013: training delivered to 1 548 teachers and other pedagogical specialists. The draft of the Programme will be approved by the end of April 2013. A contractor will be selected to implement the project Qualification of the Pedagogical Specialists – end of April 2013. 45 930 teachers (80% of them have completed successfully), are included in training under OPHRD - 10.2014 r. 1300 university professors included on programmes for raising of qualification and carrier development (92% completed the courses successfully) and 20 HEIs with introduced carrier development systems for their professors - 10.2014 .		Failure to extend the collective labour contract for the academic year 2014/2015. Too narrow coverage of the operation in the system of higher education (covering 1% of the lecturers at HEIs in the 2011/2012 academic year).	0.8% of the school fund for labour costs in 2013-2014. Financing of expenditures defined according to the uniform expenditure standard for the period 2013-2016 – (UES) – BGN 238 million. Under National Programme Qualification– BGN 0.6 million in 2012-2013. Operation Qualification of Pedagogical Specialists – BGN 72 million, of which BGN 61.2 million from ESF and BGN 10.8 million from national co-financing. Under operation for higher education – BGN 4 million, of which BGN 3.4 million from ESF and BGN 0.6 million from national co-financing.	Enhanced professional competence of the pedagogical specialists and creation of motivation for self-development and self-perfection. Modernizing higher education.	MEYS National Institute for Training and Qualification in the System of Education (NITQSE)	IN PROGR ESS
	D) Access of the disadvantaged groups to education.	CSR 4-D (1): Integration of children from the ethnic minorities.	Improve the conditions for equal access to quality education and training. Strengthen the motivation for participation in the educational process.	Implementation of the operation Educational Integration of Children and Students from Ethnic Minorities.	OPHRD Strategy for Educational Integration of children from ethnic minorities (adopted in March 2010) Programme for the Activity of the Center for Educational Integration of Children and Young People from Ethnic Minorities (CEICYPEM) for 2010 - 2012. (CoM Decision No. 601/02.09.2010) National Roma Integration Strategy of RB (2012-2020), incl. its Action Plan for 2012-2014.	Provided additional classes to children and young people for whom the Bulgarian language is not mother tongue. Children of Roma background enrolled in kindergartens outside the Roma neighbourhoods. Projects for tolerance and nondiscrimination financed at all levels of education.	6700 children and students enrolled in kindergartens and schools and 1600 parents involved in activities aimed at integration of the children from ethnic minorities – 10.2014. 800 pedagogical specialists trained to work in a multicultural environment. Developed programmes and plans for education in multicultural environment.	2600 children and students from the ethnic minorities integrated in the educational system.	Lack of interest in the target group.	BGN 16.8 million, of which BGN 14.3 million come from ESF and BGN 2.5 million come from national co-financing. Funds foreseen in the budget of CEICYPM for 2012-2013 -BGN 2.6 million.	Successful social and labour realization of the children and students from ethnic minorities.	MEYS CEICYPM, municipalities, schools and kindergartensHEIs	IN PROGR ESS
		CSR 4-D (2): Integrated and inclusive education of children with special	Development of integrated and inclusive education of children from the special	Scheme Support for the Education of Children and Students with Special Learning Needs.	OPHRD	44 projects financed (approved on 13.06.2011) for development of programmes for education and	Improved environment for 2400 children and students with SLN in at least 120 educational institutes under the 44 projects -	The number of children at risk of poverty and social exclusion reduced by	Limited capacity for funding under the scheme Support for the Education of Children and Stu-	Scheme Support to the Education of Children and Students with SLN* – BGN 8.3	Opening the educational system for inclusive education. Early detection of children with learn-	MEYS	IN PROGR ESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		learning needs.	schools. Improving the access of these children to quality educational services.	Procedure Inclusive Education.		development and for professional training of teachers to work with children with special learning needs. Procedure Inclusive Education launched in the beginning of the school year 2012/2013 - specialists were appointed and classrooms equipped with technical aids for work with children and students with special learning needs in 84 pilot secondary schools; 1274 students with SLN included in the Programme. Special programmes for work with children and students with sensory disorders, for their parents and teachers, developed for the comprehensive secondary schools, A pilot boarding school selected for testing a new model of schools for mentally retarded children.	10.2013. 78 additional specialists appointed in the 84 pilot schools to work with 1500 children and students with SLN – by 10.2014. Conducting a screening test for prevention of learning difficulties for children up to 3 years old – end of June 2013. Starting the summer vacation education of 150 children with sensory disorders - June 2013. Introduction of a new model of work with a school for mentally retarded children: appointment of 50 specialists in 25 pilot kindergartens to work with 250 children with learning difficulties; repairing and equipping special classrooms and appointing 30 specialists to work with children with mental disorders and multiple disorders - September 2013.	1500.	dents with SLN Too short pipeline of projects to apply for project financing. Duration of the project Inclusive Education.	million, of which BGN 7.1 million from ESF and BGN 1.2 million from national co-financing. Project Inclusive Education – BGN 14 million, of which BGN 11.9 million from ESF and BGN 2.1 million from national co-financing.	ing problems. Increasing the share of children with SLN successfully completing their education. Increasing the number of kindergartens and schools with supportive environment for inclusive education.		
	E) Access to financing for newly established innovative SMEs.	CSR 4-E (1): Instruments of financial engineering.	Develop alternative financing sources for SMEs.	Structuring of the instruments of financial engineering and disbursement of funds via the instruments – guarantee products; 4 private equity funds (venture capital fund, fund for developing companies, mezzanine fund, seed capital fund); debt financing products (an instrument providing funding with an element of risk sharing).	OPDCBE Framework and Financial Agreement for the implementation of the JEREMIE initiative.	Projects financed in the amount of BGN 174 million for guarantee products and BGN 4.1 million through the 4 private equity funds. Modified agreement for JEREMIE, signed on 06.6.2012 for extending additional BGN 293.4 million for implementation of a new debt instrument with risk sharing like the contracts concluded with the first 4 approved banks.	Capitalization of the venture capital funds till the end of 2013. Announcement of 4 windows for applying for funding under the seed capital fund (SEED) on quarterly basis and 3 windows till the end of 2013 for Acceleration, the expectations being for an average of 150-200 applicants. Launching the instrument for debt risk sharing – till the end of II 2013, the expectations being for extended loans in the amount of BGN 50 million till the end of 2013; BGN 766.69 million loan financing, BGN 586.75million low-interest rate financing of Bulgarian SMEs; and BGN 41.48 million seed capital financing for start-ups and innovative SMEs – up to 2015.	BGN 1394.9 million financing for SMEs.	Risk related to impossibility to raise the needed private capital. Risk related to a possible lack of enough applicants. Risk associated with low quality project proposals.	For 2012 BGN 249.4 million from ERDF and BGN 44 million – from national co-financing. For 2010-2015– BGN 581.8 million from ERDF and BGN 102.7 million from national co-financing.	Short-term effect: improving the balance-sheets in the private sector. Long-term effect - possibilities for alternative private sector financing.	MEET (MA of HF Jeremy Bulgaria EAD)	IN PROGR ESS
		CSR 4-E (2): Innovations development and implementation in the enterprises.	Increase private investment in R&D.	The calls for proposals Development of Innovations by Start-ups”, Support for R&D Activities of the Bulgarian	OPDCBE	21 projects being implemented (approved at the end of 2011) in support of R&D activities in the Bulgarian	178 contracts implemented under procedures for start-ups. A new procedure for implementation of innova-	33 jobs created for researchers	Risk of insufficient pipe-line of projects and/or insufficient financing. Risk of delaying the	BGN 178.6 million from ERDF and BGN 31.5 million from national co-financing.	Improved competitiveness of the Bulgarian enterprises.	MEET	IN PROGR ESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
				Enterprises, Support for Implementation of Innovative Products, Processes in the Production and Provision of Innovative Services, Introduction of Innovations in the Enterprises.		enterprises, total value of projects – BGN 9.2 million. 126 contracts concluded in 2012 for development and implementation of innovations in the enterprises. Total amount of grant financing disbursed till the end of 2012 – BGN 63 million.	tions in the enterprises launched in January 2013. Signing of contracts – February 2013. Implementation of the projects till the end of 2015.		evaluation of the projects and thus losing the topicality of the innovations.				
CSR 5: Administrative capacity	A) Strengthening the administrative capacity in the transport sector and the regulatory authorities.	CSR 5-A (1): Development of human resources in the state administration.	Better accountability and efficiency of the state administration and simplification of the management decision making; Ensuring the necessary human resources (HR) both in terms of quantity (number of staff) and quality (knowledge, skills, competences); Continuity in the state administration.	Creation of an integrated information system for the needs of the state administration (Administrative register) Development of plans for HR, planning instruments for HR in the state administration. Development of a framework programme for internships. Creation of an Internet portal.	Law on Administration OPAC	February 2013 – two project approved with end date after 18 months: Project Integrated information system for the state administration, Project Improving the management of human resources in the state administration. Plans for instruments developed to plan human resources in the state administration and these plans implemented in 119 administrations, 301 employees trained to implement the instruments. 8 framework programmes for internships developed, and an Internet portal created; 583 internships conducted under the framework programme.	The implementation of the two projects will start in March. Calls for proposals for these projects will be launched by September and contractors will be selected. The implementation of the projects will run through September 2014 (development of information systems, procurement of software, training of staff) Approximately 400 internships are expected to be carried out in 2013. The adoption by the CoM of ordinances for improvement of the system of HR planning and for student internships in the state administration is imminent.		Risk related to project management (parliamentary elections, contesting the results of public procurement, delayed delivery of equipment, lack of funds for technical maintenance and upgrading of the systems, changes in the legislation). Risk related to the accurate application of developed methodologies.	BGN 1.49 million under OPAC (BGN 1.3 million from ESF and BGN 0.2 million – from national co-financing) BGN 3.49 million under OPAC (BGN 3 million from ESF and BGN 0.49 million – from national co-financing) OPAC – appr. BGN 1.1 million.	Optimized administration. Improved quality of work in the state administration and ensuring opportunities for young people.	CoM administration	IN PROGRESS
	B) Quality and independence of the judiciary	CSR 5-B (1): Unified Information System for Combating Crime (UISCC)	Simplify the administrative procedures in the judiciary, introduce more transparency and more efficient counteraction against crime.	Improvement and development of the data transfer system between DG Enforcement of Convictions and DG Security with the core of UISCC.	OPAC	The Ministry of Justice undertook actions for integration of its information systems with the core component of UISCC. A project: Development, configuration and implementation of a specialized information management system is being implemented at DG Security( DGS), and its connection to UISCC is foreseen. Contracts for the preparation of tender documents were awarded to a contractor in January 2013.	The contracts for the implementation of the tender documents will be concluded in April 2013. Underway is yet another project: Completion of the construction of the information system at DG Enforcement of Convictions (DGEC), of its further upgrading and preparation for integration with UISCC.		Lack of centralized management, control and allocation of responsibilities for the implementation of the separate projects through which the measure will be realized.	OPAC – up to BGN 4 million DGS – BGN 1.3 million DGEC – 1.3 million		Prosecutor's office of RB MJ	IN PROGRESS
		CSR 5-B (2): Centralized portal for e-justice	Efficiency and transparency of the judiciary. Ensure real-time access to the content of elec-	Make amendments to the Law on the Judiciary /incl. amendments to the Civil Procedure Code, Administrative Procedure Code and	Concept paper for e-justice, approved by CoM on 21.11.2012 /protocol No. 44, it. 37/. Law to amend and	The implementation of the concept for e-justice is underway. The legislative changes in the Law on the Judiciary, related to the	According to the Concept paper, a portal of the judiciary must be created up to six months after the legislative changes enter into force, and through it		Lack of centralized management, control and responsibility for implementation of the separate projects through which the	Project under OPAC for the creation of the portal – BGN 0.4 million. Project for analy-	The qualitative changes will take place in two stages. The electronic access to justice will be introduced up to six	Prosecutor's office of RB, MJ	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
			tronic files, publish e-announcements, and e-summons, allow payment of fees, provide e-services and ensure access to the web pages of the courts.	Penal Procedure Code, E-government Act, E-signature Act/. Ensuring technological support for e-justice. Construction of a unified information system of the courts. Automated allocation of cases and real-time control of the deadlines for implementation and of the workload of magistrates, of the statistic data, information and reports.	supplement the Law on the Judiciary, approved with CoM Decision No. 74 of 04.02.2013 . The draft law was submitted to the National Assembly.	introduction of e-justice, were approved with CoM decision No. 74 of 04.02.2013. The draft law was submitted to the National Assembly.	the citizens will have access to the e-content of the cases, there will be possibility for making certification statements and undertaking procedural actions, as well as for centralized access to the internet pages of the judicial authorities.		measure will be realized.	sis of the interrelations between the authorities of the judiciary BGN 0.4 million.	months after the legislative changes are enacted. The authorities of the judiciary will operate with the unified centralized information system up to 3 years after the enactment of the legislative changes.		
		CSR 5-B (3): Active approach for detection and prevention of inconsistent or improper jurisprudence.	Improve the consistency of the judiciary.	Adoption of appropriate practices in the Supreme Court of Cassation for consideration of precedents and initiation of interpretations.	Development of internal guidelines and organizational measures for the Supreme Court of Cassation.	6 interpretative decisions were issued in October 2012 by the civil division of the court of cassation, 2 by the penal division and 3 by the commercial division.	7 interpretative decisions are expected till February 2013.				Improved quality of the administration of justice.	SIC, MJ	IN PROGRESS
		CSR 5-B (4): Increasing the capacity of the magistrates	Raise the qualification of the magistrates and the quality of decisions made.	Prepare training in the areas of insolvency, commercial disputes and confiscation of property.	The training will be conducted at the National Institute of Justice.	Delivered 12 training courses with 294 participants, of them 245 judges, 10 legal experts, and 37 court employees 2 others.	8 training courses planned for 2013 for 216 trainees.		Lack of guarantees for the sustainability of developed training modules, due to insufficient budget financing.	Training financing in 2013 – BGN 0.04 million, (BGN 0.02 million from OPAC and BGN 0.02 from the budget of the NIJ)	Improved quality of the administration of justice in the area of commercial law.	NIJ, MJ	IN PROGRESS
		CSR 5-B (5): Improvement of the insolvency proceedings and rules guaranteeing timely payments.	Changing the insolvency regime	The provisions of Directive 2011/7/EC combating late payment in commercial transactions will be transposed through a law to amend and supplement the Commerce Act.	LAS the Commerce Act (SG, No. 20 of 2013) Directive 2011/7/EC of EP and the Council of 16 February 2011 combating late payment in commercial transactions (OJ, L 48/1 of 23 February 2011).	A legal framework is enacted to regulate the insolvency procedures (invalidated with respect to the bankruptcy creditors actions and transactions performed by the debtor after the date of insolvency) Directive 2011/7/EC transposed.					Combating the practice of late payment in commercial transactions between enterprises or between enterprises and the state bodies.	MJ	I
		CSR 5-B (6): Silent consent with respect to registration regimes	Reduce the number of court cases on acts of "silent refusal" with respect to a registration regime.	Legislative changes need to be initiated by all government departments in order to regulate the registration regimes, which they administer.	Legislative changes – Law to amend and supplement the Law on Restriction of Administrative Regulations and Administrative Control of Economic Activity (LRARACEA).	LAS the LRARACEA submitted to the National Assembly (drafted by MEET)	Bringing the secondary legislation in line with the Law.		The early parliamentary elections.		The time for launching business initiatives and one-off transactions will be reduced, the administrative burden will be decreased by 7-10% in excess of the national target, and the business environment will be improved.	MEET (CoM, MAF, MH, MEYS, MRDPW, MEW, Regional governors, municipalities)	IN PROGRESS
	C) Reduction of red tape and of tax collection costs	The measures for improvement of tax collection are described in the Convergence Programme 2013-2016											
	D) Introduction of e-government	CSR-D (1): Expanding the infrastructure and operationalization of e-government.	Develop electronic administrative servicing of citizens and businesses. Strengthen the capacity of the administration for	Automation of data exchange from 30 key registers and provision of electronic administrative services (EAS) to citizens and businesses. Introduce a Single contact point (SCP).	Concept paper for e-government in Bulgaria 2010 -2015 General Strategy for E-government in Bulgaria 2011-2015 . (Adopted with CoM Decision No. 958 of	Project Development of administrative e-services was started in 2010. Primary and complex e-services were recorded in the EG registers. Reference architecture and standards for electronic	Amending the Law on E-government by May 2013. Introducing up to 100 administrative e-employees. Ensure the information content for the full		Lack of funds for technical, hardware and software maintenance of the e-government. Risk related to the enactment of the	OPAC projects BGN 125 million	Saved time and costs usually incurred by the citizens and businesses (from the connection of the 20 main registers - EUR 40.9 million economy, and the access to	MEET	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
			inter-departmental information exchange, and improve the efficiency of management of the IT sector in the state administration.	Create a Register of single electronic identity. Publish new registers, connect the sectors' ISS to these registers and introduce uniform standards, procedures and information systems for IT project management in the SA.	29.12.2010) Law on the Service Provision Activities (SG, 15 15 of 23,) Law on E-government, Directive 2006/123/EC on the services in the internal market OPAC	administrative services were created. The project Improvement of the administrative servicing of customers by upgrading the central systems for e-government started in 2011. SCP for the project was created in February 2013.	operationalization of the SCP 2013 -2014. Creating a centralized data processing warehouse, conducting training sources, ensuring the interoperability and data security of the administrations, reengineering the processes of discharge of EAS. Development of 30 modules for ex officio access to the SA and 190 modules for sectoral IS. Introduction of the RUP methodology for IT project management and its pilot implementation in 2 ministries.		Law.		20 e-services would save BGN 80 million per year). Contribution to the strengthening of the institutional environment for higher efficiency of public services provided to citizens and businesses.		
		CSR 5-D (2): Development of instrumental environment for the implementation of EAS.	Improve the work for implementation of e-services by creating instrumental environment (IEES)	Development of a Single Municipality Cloud (SMC); Delivery of infrastructure, communication equipment and software for the SMC.	E-government Strategy 2011-2015 (adopted with CoM Decision No. 958 of 29.12.2010)	Two projects in the pipeline - Improving the impact of IT management and financing in the sector of state administration and Development of instrumental environment for the implementation of electronic administrative services. The projects will start in 2013 and end in 2015.	Development of software architecture for SMC, and adapting the EASs to it. Development of 200 new EASs. Procurement of servers, communication equipment and software licenses for building service-oriented architecture(SOA).		Risks related to project management – public procurement, supply of equipment, lack of resources for technical maintenance and upgrading of the systems, changes in the legislation).	BGN 4.6 million under OPAC	Strengthening the institutional environment for higher efficiency of public services provided to citizens and businesses.	MTITC	H.M
		CSR 5-D (3): Portal for consultations with the public.	Ensure publicity and transparency in the implementation of the government policies.	Legislative changes aimed at introducing a statutory requirement for publication on the Portal of the drafts of statutory instruments, drafts of strategic documents, as well as information about public discussions on these documents.	Implementation of the global initiative Partnership for Open Government. Law on Statutory instruments (LSI).	Law to amend and supplement the LSI has been drafted and adopted by the CoM (CoM Decision No146 of 5 March 2013).	LSI has to be enacted by the National Assembly.		The early parliamentary elections and the establishment of a new National Assembly.		The legislative drafting process in the executive branch will be more open and coordinated.	CoM administration	IN PROGRESS
CSR 6: Public procurement	A) Enforcement of the public procurement legislation	CSR 6-A (1): Ex-post control of public procurement	Raise the efficiency and strengthen the ex-post control of public procurement (PP), the interaction and cooperation between PFIA and PPA, The Audit Office and CPC.	Amendments to the Law on the Public Financial Inspection Agency/LPFIA. Update of the secondary legislation – Implementing regulation for LPFIA and Regulation on the Organization and Activity of PFIA. Strengthening of the administrative capacity of PFIA.	Law on the Public Financial Inspection Agency/LPFIA, Implementing regulation for LPFIA and Regulation on the Organization and Activity of PFIA.	Updated legislation regulating the control of PP. Increased administrative capacity of PFIA with 12 full-time positions in 2012. Checked 2 334 PP at a total value of BGN 1 814 million in 2012. Breaches of the law established in 49% of checked PPs (in 27 % of the cases the violations have financial impact and are in breach of the principles of the PPA, and in 22 % of the cases the breaches are of procedural nature). Issued 1 551 acts of administrative violations. Established violations with financial impact -27 % of checked cases of PP in 2012.	Strengthening the administrative capacity of PFIA by additional 3 full-time positions in 2013. Number of planned inspections - 167 according to the approved annual plan for PP control.		Risk of changes in the legislation, and of insufficient administrative capacity.	BGN 0.05 million from the budget of PFIA for 2013 for increase of the administrative capacity with 3 full-time positions.	Efficient ex-post control in the area of public procurement. Decrease of the cases of violations with financial implications by 7% in 2012 (from 34 % in 2011 to 27% in 2012). Improved efficiency of public spending.	PFIA (MoF)	И

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		CSR 6-A (2): Ex-ante control of public procurement	Enhance the compliance with the law in public procurement with EU funding, by giving methodological support to contracting authorities in the preparation and opening of the public procurement procedures.	Exercising control of the compliance with the requirements of the public procurement legislation on the decision and contracting notice for launching the procedure as well as on the evaluation methodology. Methodological guidelines on the enforcement of the public procurement legislation.	Law on Public Procurement Act (LPP) and Regulation for the implementation of LPP (RILPP)	925 case files were registered and processed in the Public Procurement Agency in the period 26.02.2012 - 31.12.2012, of which 828 cases were subjected to ex-ante control at both first and second stage (582 at first stage and 370 at second stage). The Agency prepared 283 written responses to questions raised by stakeholders concerning the enforcement of the legislation; 63 consultative meetings were held; and 9 methodological guidelines were published on the portal for public procurement in 2012.	The number of checks is not planned in advance because it depends on the number of procurement procedures prepared and launched by contracting authorities. The number of methodological guidelines is not planned either because it depends on the number of inquiries received.		Insufficient administrative capacity for exercising control in case the number of procedures or the number of questions increase.	The expenses on salaries, social insurance contributions and maintenance of the personnel performing ex-ante control in 2012 stand at BGN 291 000. The expected expenditures in 2013 stand at BGN 204 000, necessary for salaries, social insurance and maintenance of 10 full-time positions. The funds are budgeted under OPTA.	Improved compliance of the public procurement with the law, more efficient spending of public resources.	Public Procurement Agency	IN PROGRESS
		CSR 6-A (3): Methodological guidelines on enforcement of the legislation in this area.	Increase the knowledge of the contracting authorities and of the participants on the procedures of proper implementation of public procurement legislation and establishment of law-abiding, uniform and non-controversial practice.	On-going provision of answers to written inquiries; publishing general methodological guidelines; providing direct consultations.	Law on Public Procurement (LPP) and Regulation for the implementation of LPP (RILPP)	283 written replies were prepared and sent in 2012 in connection with inquiries made by stakeholders concerning the implementation of the legislation, 63 consultative meetings were held, and 9 methodological guidelines were published on the portal for public procurement.	The number of methodological guidelines is not planned because it depends on the number of inquiries received.	All stakeholders, particularly the contracting authorities, are assisted in raising their knowledge on the enforcement of the legislation in this area.	Insufficient administrative capacity in case the volume of inquiries increases	Expenditures from the budget of the Agency for salaries, social insurance and maintenance of the employees performing the activities.	Improved compliance of the public procurement with the law, more efficient spending of public resources.	Public Procurement Agency	IN PROGRESS
CSR 7: Energy efficiency	A) Remove market barriers, any guaranteed profit arrangements and electricity price control.	CSR 7-A (1): Rules for price regulation of transmission and distribution system operators.	Improve market environment and establish transparent pricing on the electricity and natural gas markets.	Drafting of two new regulations for setting the prices for electricity and natural gas.	Energy Act (SG, No. 23 of 8.03.2013) Third energy liberalization package - Directive 2009/72/EC and Directive 2009/73/EC.	A process of amending and supplementing two ordinances regulating the pricing of electricity and natural gas started in October 2012. Public discussions were held in February 2013 and the draft was approved by the State Regulator on 18 and 19 March 2013.			Delay in the adoption of the ordinances and a procedure of infringement started due to failure of the country to fulfill the obligations ensuing from its EU membership.		Improved market environment	SEWRC	IN PROGRESS
	B) Independence of the transmission and distribution system operators.	CSR 7-B (1): Certification of electricity and natural gas transmission system operators.	Guarantee legislative and regulatory independence of the transmission system operators.	Drafting of an ordinance on the licensing of the activities in the energy sector. Launching a procedure for certification. Draft of a decision on updating the Rules for granting access to the gas transmission and/or distribution networks.	Energy Act (SG, No. 23 of 8.03.2013) Third energy liberalization package - Directive 2009/72/EC and Directive 2009/73/EC	A process of amending and supplementing the ordinance started in October 2012. In February 2013 – public discussion. The ordinance on licensing was adopted by the State Regulator on 21 March 2013. The rules for access – adopted by the State Regulator on 14 March 2013.	Opening of a certification procedure in May 2013. In June 2013 – adoption and entering into force.		Delay in the adoption of the ordinances and a procedure of infringement started due to failure of the country to fulfill the obligations ensuing from its EU membership.		Establishing an integrated and fully functional internal energy market; Strengthening competition, transparent pricing and flexibility in contracting.	State Energy and Water Regulation Commission (SEWRC), MEET	IN PROGRESS
		CSR 7-B (2): Restructuring of NEC EAD and ECO EAD	Separate the transmission operators from the electricity generation	Separation of the assets of NEC EAD from ECO EAD in compliance with the requirements of the Third Energy liberalization	Energy Act (SG, No. 23 of 8.03.2013) Third energy liberalization package - Directive 2009/72/EC	The consultant selected in connection with the restructuring of NEC EAD and ECO EAD presented its report in November 2012.	The actual separation of the assets of NEC EAD to ECO is expected to start by the end of April 2013.		Sanctions from the European Commission – bringing an action before the Court for failure to enforce the regula-		Creation of an integrated and fully operational internal energy market. Unimpeded and equal access of all	BEH, SEWRC MEET	IN PROGRESS



1	2	3	4	5	6	7	8	9	10	11	12	13	14
			operators.	tion Package of EU.	and Directive 2009/73/EC	Negotiations were carried out with the banks creditors of NEC EAD, which gave their consent for sale of its shares. Coordination with SEWRC of the financial model of separation of assets is expected to take place.	The secondary legislation to regulate the matter is to be drafted by the end of the second quarter of 2013.		tions will follow.		participants to the energy systems is guaranteed.		
	C) Completion of the establishment of the market structure for trading in energy and for balancing markets.	CSR 7-C (1): Functioning energy exchange.	Creating an integrated and fully operational domestic energy market and connecting it to the national and regional markets.	Creating a functioning hourly market operating through bilateral agreements, encompassing the whole traded energy. Adoption of an ordinance on the rules for trading in energy and on the energy exchange.	MoU for market merging signed between Rumania and Bulgaria Energy Act (SG, No. 20 of 28.02.2013) Third energy liberalization package - Directive 2009/72/EC and Directive 2009/73/EC Ordinance regulating the terms and conditions for certification of electricity transmission system operators (measure CSR 7-B1).	Coordinated road map for merging the markets of Rumania and Bulgaria. The draft of an ordinance on the rules for trading in electricity is prepared. A bank is selected to provide services relating to the management of financial relations at the electricity exchange.	The two transmission operators will have to approve the rules for distribution of inter-system capacity in 2013. The ordinance will be adopted in June 2013.		Delay in the adoption of the ordinances and a procedure of infringement started due to failure of the country to fulfill the obligations ensuing from its EU membership.	BGN 0.6 million from the Norwegian Cooperation Programme and BGN 0.1million national co-financing. BGN 1.3 million from the EEA Financial mechanism for unification of the markets.	Transparent pricing, flexibility in contracting, maximum utilization of transmission inter-connections for simultaneous distribution of energy and capacity.	/ ECO/ SEWRCM EET /sectoral ministries of the countries involved in the integration process.	IN PROGR ESS
	D) Improvement of the interconnections of the electricity and gas systems.	CSR 7-D (1): Building of gas inter-connections.	Diversify the energy sources/supplies. Develop the network infrastructure.	Building of gas inter-connections between Bulgaria and Serbia, Greece, Rumania and Turkey.	MoU between Bulgaria and Serbia concerning the project. Energy Strategy of RB to 2020 Energy Act (SG, No. 20 of 28.03.2013) Regulation of the EP and the Council No 994/2010 of 20 October 2010 OP DCBE OP HRD Directive 2009/72/EC and Directive 2009/73/EC	The measure started on 06.12.2012 with a procedure for direct extension of a grant. The MoU for implementation of the project for construction of the gas-pipeline was signed on 14.12.2012. The order for extending the grant was issued on 21.12.2012, which marked the beginning of the implementation of the project for the specified beneficiary – MEET.	October 2013 – selection of suppliers of equipment. Beginning of the works - till the end of 2013, September 2015 – Issuance of a permission to use the facility. Commissioning of the gas inter-connection with Rumania – May 2013. Commissioning of the gas inter-connection with Turkey- January 2014. Commissioning of the gas inter-connection with Greece –December 2014.		Risk of delay in the implementation of the project activities; delay in the public procurement for selection of contractors.	For the project for gas inter-connection between Bulgaria and Serbia: BGN 4.9 million under OPRD (ERDF – BGN 4.2 million and national co-financing BGN 0.7 million) and BGN 91.9 million from OPDCBE, of which national co-financing BGN 0.7 million.	Diversification of energy sources/supplies; increased energy independence.	MEET (MA of OPDCBE)	IN PROGR ESS
		CSR 7-D (2): Regulatory incentives for investment in network infrastructure .	Integration of the generators of electricity from HPP into the electricity grid. Development of the network infrastructure.	Applying new management technologies for the energy system. Priority development of the transmission and distribution networks for connecting new plants to the grid.	Directive 2009/28/EC on the promotion of the use of energy from renewable sources, Law on Energy from Renewable Sources (SG, No. 15 of 15.02.2013) Council Directive 2004/67/EC Directive 2009/73/EC National Action Plan for energy from renewable sources; Ordinance for the connection of producers and consumers of electrical	The Law on Energy from Renewable Sources was enacted in compliance with Directive 2009/28/EC, the rules for connecting plants generating energy from renewable sources to the electric network were adopted. By the end of 2012 the electricity generating plants from renewable sources connected to the network were 1000.	A new ordinance to be developed by SEWRC streamlining the procedures for connection of installations for energy generation from renewable sources, mounted on the front or roof of buildings for the purpose of generating electricity for own consumption.	5195 GWh/per year electricity generated by facilities for production of energy from renewable sources.	Delayed adoption of the ordinance. Insufficient funds of the electric transmission and distribution networks operators for investment in upgrading the network infrastructure.	The budget expenditures are determined and approved by SEWRC	Increased investment in the network infrastructure and development of the networks. Diversified energy sources.	MEET (SEWRC)	И

1	2	3	4	5	6	7	8	9	10	11	12	13	14
					power to the transmission and distribution electrical networks (Protocol No. 1 of CoM of 09.01.2013 Ordinance No. PД-16-317 (SG. No. 24 of 12.03.2013))								
		CSR 7-D (3): National public information system for RES	Transparency of the integration of the producers of electricity from RES into the electricity network.	Creating a functioning information system about the possibility for connecting new energy producers to the national electric network and about any limitations for construction of new RES-based capacities, in compliance with the environment protection legislation.	Law on Energy from Renewable Sources (SG, No. 15 of 15.02.2013) OPAC	The Sustainable Energy Development Agency (SEDA) has submitted in February 2013 project documents applying for financing under OPAC for a project named Creating an information platform for achieving interoperability of spatial data and services relating to renewable energy sources to be used by the state administration and citizens.	The system is expected to become operational by mid-2014.		If the project is not approved, then alternative ways will have to be identified for building the National public information system of RES.	Total value BGN 0.6 million under OPAC	Transparency of activities, stakeholders are properly informed and the business climate in the area of RES is improved; Improved and more efficient communication with the citizens and businesses, optimized costs.	MEET (SEDA)	П
	E) Raising the energy efficiency and overcoming the disruption of supplies.	CSR 7-E (1): National Programme for accelerated gasification.	Improve the energy efficiency by replacing the use of electricity for heating with direct burning of natural gas.	Creating conditions for efficient use of energy for heating and other domestic purposes by ensuring access to the gas distribution network to 30% of households in the country.	Law on Energy (SG, No. 20 of 28.02.2013) Energy Strategy of Bulgaria to 2020.	The documentation was prepared and public procurement procedure was conducted for development of a Programme for Accelerated gasification of Bulgaria till 2020.	December 2013 - signing of contract with the contractor for drafting the Programme. Till the end of August 2013 – development of the draft of the Programme.		Delaying the implementation due to delayed adoption of the draft law by the Council of Ministers.	BGN 0.05 million from the budget of MEET	Cleaner, low-carbon, energy efficient and resource-efficient economy	MEET	IN PROGRESS

—MEASURES IN PURSUANCE OF THE NATIONAL TARGETS UNDER EUROPE 2020 STRATEGY

No. of national objective	Sub-objective	No. of measure and short heading	Information about carried out and planned measures								Expected outcome		Responsible Institution	Status of the measure
			Description of the main measures, which address the national objectives directly					Objectives under Europe 2020 Strategy	Challenges/risks	Impact on public finance	Qualitative effect			
			Main objective and relation to the national targets	Description of the measure	Legislative/administrative instruments	Schedule of progress made over the last 12 months	Schedule of upcoming stages of implementation of the measure	Assessed contribution to achieving the objectives of the Strategy Europe 2020	Specific challenges/risks in the implementation of the measures	Change in state revenue/expenditure – general and by years (BGN million)	Contribution of EU funds (source and amounts)	Qualitative description of the expected outcome and timeframe of the effect of the measure		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
NT 1: Employment		NT1 (1): Develop regional tourism	Create opportunities for new jobs	Enacting a new Law on Tourism, Development of natural, cultural, historical attractions. Restoration, protection, exhibiting, equipping sites of religious significance. Assisting the development of regional products.	Law on Tourism (SG, No. 30 of 26.03.2013) OP Regions of growth 2014-2020	Created legislative basis for the establishment of the regions of tourism and for regulating their development with a new Law on Tourism. Carrying out research and coordination activities to establish the attitudes of the tourism sector.	Developing a Concept Paper for regionalization for the purposes of tourism – September 2013. Drawing up of a National Strategy for Sustainable Development of Tourism 2014-2020 – end of 2013. Financing of projects under OP Regions of Growth 2014-2020 – indicative budget of the measure before OP is approved –BGN 368.3 million.		Timely enactment of the regulations under the CSF and approval by the European Commission of the prepared OP draft. Timely adoption of the ordinances for the implementation of the Law on Tourism within the timeframe defined therein.	Depending on the future budget for OP Regions of Growth 2014-2020 and on the allocation of funds among priority axes and priority investment.	Promotion of the local economic potential and new forms of employment in the regions. Financial commitment of MEET for organization of the activities of the destination management organizations in tourism developing regions.	MRDPW, MEET	IN PROGRESS	
		NT1 (2): Promotion of employment (for all age groups).	Active policies at the labour market. Integration of disadvantaged groups into the labour market	Ensuring employment and training of unemployed persons of all age groups. National programmes From Social Assistance to Employment and Assistants for Disabled Persons. Regional employment programmes. Schemes Development, Support for Employment, Qualification services and employment promotion - 2, Back to work	Draft of the updated Employment Strategy 2012-2020. NAPE for 2013 (CoM Decision of 19.12.2012) OPHRD	11614 persons employed under the two national programmes in 2012. 2097 persons employed in 2012 under regional employment programmes. 42 333 persons employed in 2012 under schemes under OPHRD (launched in 2010).	14 574 persons to be working by the end of 2013 thanks to the two national programmes. 2 278 persons working by the end of 2013 thanks to regional programmes. Adoption of the updated Employment Strategy (2012-2020) – 2013. 73 940 to be employed under schemes of OPHRD and 88 750 – in training, by the end of 2014.	86659 persons included in employment in the period 2012-2014. 16 852 are planned to be included in employment in 2013.	Lack of interest on the part of the beneficiaries – employers and/or unemployed persons.	Budget appropriations for 2012 under the two national programmes – BGN 28 million From Social Assistance to Employment (FSAE) – BGN 18.2 million; FSAE – BGN 9.9 million); Funds foreseen for 2013 – BGN 41.1 million (FSAE – BGN 30.3 million; Agency for Disabled Persons /ADP/ – BGN 10.8 million); Regional programmes: 2012 – BGN 4 million; 2013 – BGN 5.5 million Under OPHRD schemes for 2013-	Reduced number of permanently unemployed	MLSP (EA, SAA)	IN PROGRESS	

1	2	3	4	5	6	7	8	9	10	11	12	13	14
										2014 –BGN 131.2 million from ESF and BGN 23.1 million national co-financing.			
		NT 1 (3): Enhance economic active-ness.	Pursue active policies at the labour market.  Integrate the groups not included in the labour force into the labour market.	National Programme „Activation of Inactive Persons  Scheme Take your life in your own hands.	Project for updating the Employment Strategy 2012-2020  NAPE for 2013 (CoM Decision of 19.12.2012)  OPHRD	68 persons employed under the national programme in 2012.  According to the scheme (launched in 2011) under OPHRD 2431 included in training and 418 in internship programmes in 2012.	45 persons to be employed under the national programme in 2013.  5000 persons to be included in training and 4000 in internship programmes – by October 2013.	127 persons employed in 2012-2013.	Lack of interest on the part of the beneficiaries – employers and/or inactive persons.	Budget appropriations for 2012 under the national programme – BGN 315.1 thousand;  2013 – BGN 663.5 thous. ;  OPHRD for 2013-2014- BGN 3.9 million ESF financing and BGN 0.7 million national co-financing.	Improved economic activity rate from 53.1% in 2012 to 55% in 2016.  Higher qualification of the labour force.	MLSP (EA, SAA)	IN PROGRESS
		NT1 (4): Increasing the adaptiveness of employed persons.	Pursue active labour market policies. Support sustainable employment.	Providing training to employed persons through the schemes Adaptiveness, I can, and I can more, Qualification services and training of employed persons – phase 3.	OPHRD	34 167 persons trained under the four schemes in 2012.	20 654 persons to be trained under the four schemes by the end of 2014.	209 654 included in training courses in 2010-2014	Lack of interest on the part of the beneficiaries – employers and/or employed persons.	For 2013-2014 – BGN 76.4 million from ESF and BGN 13.5 million from national co-financing.	Raising the knowledge and skills of the employed.	MLSP (EA, SAA)	IN PROGRESS
		NT1 (5): Support for the starting of own business.	Pursue active labour market policies.  Increase the demand for labour and creation of new jobs.	Training of unemployed and rendering support to unemployed persons to start their own businesses under the scheme Promotion of projects for starting own business - Components 1 and 2	OPHRD	11 638 persons included in training and/or consulted on starting their own business in 2012.  The lodged project proposals under Component 2 evaluated – January 2013.	25 000 persons to be supported till October 2014.	7500 persons working in the new enterprises 1 year after the end of the financial assistance.	Lack of interest on the part of the beneficiaries (unemployed persons)	For the period 2013-2014 – BGN 46.1 million from ESF and BGN 8.1 million from national co-financing.	Promotion of entrepreneurship	MLSP (EA)	IN PROGRESS
		NT1 (6): Promotion of geographic mobility and labour market flexibility.	Promote employment with a view to reducing regional disparities.  Labour market flexibility.	Provision of travel allowances for the transport costs to the place of training, drawing up of carrier development plans. (schemes Closer to the work place and On the way)  Schemes Social innovations in the enterprises and Services for the development of flexible labour market).  Support for mothers with young children in using flexible forms of employment (part-time work, distance working)	OPHRD  Update of National Strategy for Demographic Development of the Population in RB (2012-2030) (CoM Decree No. 45.2 of 28.11.2012)	997 persons used the travel allowance for transport costs to the workplace in 2012.  540 included in the basic training and 622 in advanced training.  Carrier development plans prepared for 899 persons in 2012.	17050 persons will have used travel allowances for transport costs to the workplace by October 2014.  27 200 will have carrier development plans by the end of 2014.	21 200 persons have made use of the flexible employment forms.	Lack of interest on the part of the beneficiaries – employers and/or persons.	For 2013-2014 - BGN 29.1 million from ESF and BGN 5.1 million from national co-financing	Increased labour force mobility, adaptiveness and productivity of the employed.  Enhanced knowledge and skills in accordance with the demand at the labour market.	MLSP (EA)	IN PROGRESS
		NT1 (7): Promotion of life-long learning	Develop a long-term policy framework for life-long learning. Facilitate the access to labour market.	Developing of a National Strategy for Life-Long Learning 2014-2020  Putting in place a system of monitoring the sector of education and adult training.  Putting in place of a system for identifying	National Strategy for Life-long learning 2008-2013. (Protocol No. 42.1 of CoM of 30.10.2008)  OPHRD	Impact assessment made of the current Strategy (2008-2013) and a progress report prepared. 20 regional meetings and campaigns of the Human Resources Development Center were organized.	A new strategy is to be developed by the end of 2013.  An analysis of the sector of education of adults sector to be performed -2013.  A National Council for Life-Long Learning is to		Insufficient capacity of the Programme for adult training under OPHRD to cover all applicants.	BGN 0.4 million under project „Implementation of the European Program for adult learning”.  The approximate value of a monitoring system will	The number of long-term unemployed people will be reduced, people will remain longer in the labour market. Increased labour productivity.  The people will be	MEYS	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
				and recognizing informally acquired knowledge and competences. Scheme A new chance for success for illiterate adults, who have not completed the elementary school level or grades 5, 6 and 7 of the primary school level.		Training plans developed and 160 teachers trained to teach adults. 7 100 participants aged over 16 years were included at the first stage of the education (at 185 schools), 78% of them were certified in 2012.	be created, alongside with a mechanism and tools for monitoring the sector -2013. A National information system for tracking the progress of the adult learning sector will be created and the staff to operate it will be trained – 2014. The persons completing a grade at school successfully will be enrolled in the higher grade. A total of 10 500 persons have undergone adult education successfully till March 2013.			be BGN 0.2 million.  BGN 15 million grant under the project „A new chance for success “- BGN 3 million national co-financing and BGN 12 million – from ESF.	encouraged to continue their education in the formal educational system. Targets of the strategy: in 2013 -5% of the population aged 25-64 to be included in life-long learning, 12% share of early school leavers , and 85% of the population aged - 20-24 - to have completed secondary education.		
		NT 1 (8): Integrated information system in the area of employment and social policy	Improve the efficiency of employment and social policies.	Project Building an integrated information system of MLSP, Scheme Development and implementation of information systems and data bases servicing the social assistance, social services and social inclusion system.	OPHRD	The processes of data exchange within the information system of MLSP were modeled and analyzed – July 2012. Constructing and implementing of a single and centralized communications infrastructure for MLSP and the second level spending units (SLSU) – January 2013. Performed an overall analysis of the current condition of the information systems and available software of SAA, developed strategy for creation of an integrated information system and data bases at SAA, an assessment made of the interoperability with the hardware purchased by SAA in 2012.	Designing and developing a national information system for the State Child Protection Agency (SCPA), creation of an internal and external electronic portal of MLSP, as well as implementing a system for business analyses - data warehouse/ Business till April 2013. Implement an integrated system of SAA up to December 2014.		Insufficient number of applicants in the tender procedure; the decision of the contracting authority on selecting a contractor may be appealed before the court; Changes in the schedule for implementation of the public procurement activities relating to the integrated system of SAA.	Project of MLSP – BGN 12.1 million, of which BGN 10.8 million from ESF and BGN 1.3 million from ERDF.	The employment policy data base will be consistent and linked with the social policy data base. The activity of SAA will be optimized and the quality of social assistance rendered, social services and child protection will be improved.	MLSP	IN PROGRESS
		NT1 (9): Financial incentives for creation of jobs in enterprises and sectors with high value added.	Provide incentives to foreign and domestic investors, including in the service sector, creating jobs for highly qualified staff, as well as in regions with high unemployment rate.	Amendments to be made to the Law on Investment Promotion to expand the opportunities for offering administrative and financial incentives for investment in the high-tech sectors and services. Certificates will be issued in compliance with the provisions of the Law on Investment Promotion . Financial resources need to be allocated for the promotional measures.	Law on Investment Promotion (SG. No. 16 of 19.02.2013) The scheme communicated to the European Commission for national regional investment assistance (No. 426/2009 and No. X351/2010) Scheme communicated to the European Commission for assistance for specific training (No. 427/2009 и X350/2010)	Legislative changes made for optimization and decentralization of the procedure for certification, introducing a new criterion for creation of new jobs, and partial reimbursement of the statutory social insurance contributions for a period of two years – November 2012 r. 10 projects received certificate for class for investment as per IPA in 2012 (of them four investments in highly technological production and services – standing at BGN 61.2 million and with 687 newly created jobs; and 3 investments in	In the period 2013-2016 - 45 projects to be certified under IPA standing at BGN 900 million and opening 1800 new jobs; and financial incentive measures granted to 18 projects, with investment amounting to BGN 435 million, which will create 870 new jobs.	BGN 814 million investment made by the certified projects in 2012 (33% SME) and 1350 new jobs to be created with the implementation of the projects.	Insufficient funds for the implementation of the promotional measures provided for in IPA.	Programme No. 8 Attracting and promoting investment. Budget funding of the assistance to regional investment in 2012-2016 up to BGN 250 million per year. Budget funding of the costs on specific training in the period 2012-2016 up to BGN 150 million per year.	Increased FDI and domestic investment in long-term tangible assets. Increase of employment and of the share of high-tech productions and services.	MEET	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
						municipalities with high unemployment, at BGN 344.2 million and with 712 new jobs created) Financial projects in 2012 (33% SME) standing at BGN 324 million and with 726 new jobs created in the processing industry, healthcare and medico-social care.							
	A) Reduction of unemployment among young people (aged 15-29) to 7% in 2020.	NT1-A (1): Centers for Entrepreneurship at the higher schools	Encourage entrepreneurial activity of the students. Increase the number of self-employed among the young people. Facilitate the university to labour market transition.	Organization of courses in entrepreneurship, creating training firms, rendering assistance to starting companies created by students.	Innovations Strategy of RB (measure No5 and measure No10)	300 students trained in 2012 in different courses for entrepreneurship, 4 training campaigns established, and 5 start-ups assisted in 2012. Four Centers for Entrepreneurship functioning in 4 HEIs.	02.2013 – launching a new public procurement procedure pursuant to the Law on Public Procurement for creation and equipment of 3 Centers for Promotion of Entrepreneurship in the HEIs. Expected results – to have 3 newly created centers, with minimum of 300 trained students, 6 training companies created and 6 real start-ups assisted.	The indicators for this project are – number of trained students, number of created training companies, of conducted student competitions and of awarded students. This is a “soft” measure, yielding results in 2-5 years.	Risk of having No. new contracts signed with the HEIs.	Budget funds for 2012 -2013 BGN 0.4 million.	Increased adaptiveness and competitiveness of the young people.	MEET	IN PROGRESS
	B) Achieving employment rate among the people aged 55-64 years of 53% in 2020.	NT1-B (1): Promotion of employment among the older generations.	Pursue active labour market policies. Increase employment and ensure training for older people.	National Programme “Assistance for retirement based on article 31 of the Law on Employment Promotion. Encourage the employers to hire unemployed persons aged 50+ (article 55a of EPA) Scheme Development of OPHRD.	EPA NAPE for 2013 OPHRD	37 persons were employed in 2012 under the National Programme as per article 31 of EPA, and 521 were employed under the promotional measure as per article 55a of EPA. 6 089 persons aged 55-64 were employed in 2012 under the scheme Development. In total 6647 persons were employed in 2012. 6 089 persons aged 55-64 were employed in the period 2010-2012 under OPHRD.	200 persons will be employed in 2012 under the National Programme, and 900 persons – under the promotional measure as per EPA.	Persons aged 50+ were included in employment.	Lack of interest on the part of the beneficiaries – employers and/or the persons themselves.	Budget funds for 2012 – the National Programme – BGN 152.7 thousand. The measure as per EPA – BGN 1 million Funds foreseen for 2013 The National Programme – BGN 803.1 thousand The Measure as per EPA – BGN 3.4 million. For the scheme Development under OPHRD – BGN 240 million, of which BGN 204million from ESF and BGN 36 million from national co-financing	Raised employability of the older unemployed people.	MLSP	IN PROGRESS
NT 2: Research and Development Activities		NT 2 (1): Law on Innovations	Coordinate the policies and allocation of responsibilities among the state institutions in the area of research and development.	Draft a law in pursuance of transparent and predictable policies in the area of innovations. Create an administrative structure to be in charge of the implementation of the policy of innovations.	Commitments made under “Euro Plus” Pact.	A draft law prepared in 2012.	An updated draft of the law is to be submitted to the Council of Ministers in May 2013. A new administrative structure is to be created to implement part of the measures, foreseen in the Innovations Strategy for intelligent specializa-		The early parliamentary elections that may cause a delay in enacting the law, or even rejection by the Parliament.	The administrative structure to be created under the new law, will be financed from the national budget and through the Structural and Cohesion funds.	Improved financing of innovative activities, including from the National Innovations Fund (NIF), raised competitiveness, encouragement of private investment in R&D and in innovations.	MEET	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
							tion, complementing OP Innovations and Competitiveness.						
		NT 2 (2): Innovation Strategy for Smart Specialization	Develop a long-term vision for competitiveness enhancing policies in innovative sectors with high value added in the Bulgarian economy.	Development of a strategy	CoM Decision No668/2012. Agreement between MEET and IBRD for the preparation of the Strategy.	The agreement with IBRD was signed in 2012.	The Strategy will be developed by the end of 2013. It must be used for the purpose of absorption of funds under ERDF and ESF in the period 2014 – 2020 (under OP Innovations and Competitiveness). OP Innovations and Competitiveness should be approved till the end of 2013.		A great number of ministries involved in the preparation of the Strategy.	The funds for the consultancy provided by IBRD are financed under the technical assistance provided under OPDCBE and stand at BGN 2.59 million, where the portion referring to the development of the Innovation Strategy is BGN 870 000 thousand.	Developed measures and programmes for the new programming period 2014-2020.	MEET	IN PROGRESS
		NT 2-(3): Promotion of fundamental and industrial scientific research, and feasibility study of SMEs.	Increase private investment by enterprises in R&D and encourage their cooperation with scientific research organizations.	National Innovation Fund (NIF) – financial arrangement geared to commercial enterprises, higher educational institutes, the Bulgarian Academy of Sciences, etc. research organizations.	Innovation Strategy of the Republic of Bulgaria and CoM Decision of 2004.	36 contracts concluded with innovative enterprises under the sixth competitive tender session of NIF in 2012. BGN 2.7 million were disbursed as down payment under the 6 <sup>th</sup> competitive tender in 2012 and BGN 96 million are budgeted for the period 2013-2016 in order to achieve the target values.	The scheme will be amended in compliance with the state aid rules. Financing of the activity has to be ensured. A new competitive tender session will be launched. The concluded contracts will be implemented.		Insufficient financing (67 project proposals were lodged in 2012 and only 36 were approved).	Programme No. 2 Promotion of Entrepreneurship and Innovations. Budget funding of concluded/effective contracts– BGN 2.7 million in 2012. Budget expenditure forecast for 2013-2016 – BGN 96 million.	Developed new products and technologies in the enterprises.	MEET (BCMEP)	IN PROGRESS
		NT 2 (4): Centers of excellence for science and innovations	Build national science network and establish science-business relationships. Develop the scientific potential.	Building centers of excellence with financing from 7 FP and co-financing from Scientific Research Fund .	National Strategy for Development of Scientific Research 2020. OP Science and Education 2014-2020.	8 Centers were created at: Sofia University, Vegetable Crops Research Institute – Plovdiv; Central Laboratory of General Ecology – BAS; Agrarian University - Plovdiv, Institute of Biology and Immunology of Reproduction, Faculty of Chemistry and Pharmacy – Sofia University, Institute of Information and Communication Technologies – BAS. 140 young and senior researchers were trained, 9 scientific network were created.	Completion of the implementation of the 7 projects. 7 HEIs and research organizations will be equipped, 8 centers will be built, 180 young and senior researchers will be trained and 10 scientific networks will be created till the end of 2013.		Discontinuation of national co-financing.	The total budget for the 7 projects implemented in the period 2008-2012 – stands at BGN 28.8 million from the European Commission and BGN 27.2 million from national co-financing.	Attracted scientists, conducted specialized scientific research for application in the economy, facilitated participation in international projects and programmes.	MEYS	IN PROGRESS
		NT 2 (5): Scientific research infrastructure	Build modern infrastructure that will allow the achievement of significant scientific results. Internationalize the research and innovation.	Financing of projects in compliance with the road map. Participation in 5 European projects for preparation of the construction of R&D infrastructure parks.	National Strategy for the Development of Scientific Research. National Road Map for research infrastructure Regulation No. 723/2009 (EC) of 25 June 2009.	Current 5 projects implemented under the national component of the Road Map for 2012 in the areas of biomedicine and environment; artifacts/genomic, proteomic and metabolomics research and medicines; marine research; National Supercomputer Center; language technologies and applications.	The national infrastructures will be operational from the second quarter of 2013.		The updating and evaluation of the implementation of the Road Map not conducted in due time.	2011-2012 – BGN 0.7 million from the national budget. 2013 – BGN 1.4 million.	The effort in research and innovations focused on the priority areas. Conditions created for quick commercialization of research products and services.	MEYS	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		NT 2 (6): Pro-innovative business infrastructure	Improve the infrastructure for innovations. Improve the links between science and business. Improve the business environment for SMEs and innovative enterprises.	Ensure financing of projects for creation and strengthening of offices for technology transfer, tech-parks, technology centers, etc. The construction of Sofia Tech Park started.	OPDCBE	Sofia Tech Park EAD was established in June 2012 as a state-owned company. The procedure for creation of the tech park was launched on 06.12.2012. A contract for extension of the grant to Sofia Tech Park EAD was concluded on 10.01.2013. The year 2012 saw calls for proposals launched in 2012 for: creation and strengthening of offices for technology transfer, technology parks, technology centers, etc.	Implementation of 21 contracts for building and strengthening of existing offices for technology transfer and 4 contracts for technology centers. Implementation of the project for creation of a science and technology park. The projects will be implemented till the end of 2015.	BGN 212.6 million investment in R&D over the period 2011-2015.	Risk of a short project pipeline; Risk of shortage of resources for co-financing the project implementation.	Budget under the schemes for 2011-2015 BGN 180.7 million from ERDF and BGN 31.9 million national co-financing.	The business environment will be improved in the mid-term, which will attract investment and create jobs. Competitiveness will be improved in the long run.	MEET (MA of OPDCBE)	IN PROGRESS
		NT 2 (7): Scientific research in the enterprises	Improve the science-business relations. Develop human resources for R&D activities.	Assisting young researchers in providing doctoral and post-doctoral one month training in high-tech research complexes and infrastructures. Financing research projects of the business.	OPHRD	38 contracts were concluded in 2012 with young researchers for training at high-tech complexes.	New competitions are to be conducted in 2013, the aim being to have contracts signed with another 130 young researchers.		The initially defined indicators may not be achieved due to insufficient number of candidates in 2012 and discontinuation of the scheme after 2013.	For 2012-2013 – BGN 1.8 million, of which BGN 1.5 million from ESF and 0.3% national co-financing.	Increased private investment in R&D. Improved labour market performance of young researchers.	MEYS	IN PROGRESS
		NT 2 (8): Development of clusters and business incubators.	Improve the technologies and management of enterprises.	Ensure financing for projects for technological upgrading. Creating clusters and business incubators. Financing procedures for introduction of internationally recognized standards. Part of the procedures included in the measure, are: Support for the Development of Clusters in Bulgaria; Support for the Creation and Development of Business Incubators; Implementing internationally recognized Standards and Introduction of Management Systems in the Enterprises; Technological Upgrade of SMEs; Technological Upgrading of large Enterprises.	OPDCBE	Calls for proposals launched in the period 2007 – 2011. The projects implemented till the end of 2012 were: 399 projects in support of businesses, entrepreneurship and new technologies; and 121 projects for improvement of ICT in the enterprises. A call for proposals was launched during the first quarter of 2013 for creation and development of clusters. A total of 972 contracts for technological upgrade, 17 contracts for business incubators; 16 contracts for clusters and 816 for internationally recognized standards have been concluded in the period from the start of OPFCBE till 31.12.2012.	Evaluation of lodged project proposals and concluding contracts – second and third quarters of 2013. Implementation of the projects – to the end of 2015.	1647 jobs have been created under all procedures over the period 2007-2012 and investments in the amount of BGN 440 million have been made.	Risk of short pipeline of projects. Risk of low quality project proposals. Risk of insufficient funding for project implementation.	Budget under the schemes for 2011 – 2015. – BGN 484.1 million from ERDF and BGN 85.4 million from national co-financing.	The production capacity of the supported enterprises has grown by 34.5%.	MEET (MA of OPDCBE)	IN PROGRESS
NT 3: Climate - Energy		NT 3 (1): Fund Energy Efficiency and Renewable Sources (FEERS)	Public private partnership for energy efficiency projects. Encourage the implementation of RES technologies. Saving greenhouse gas emissions.	Consultations for project development, extension of loans to Bulgarian companies, municipalities and individuals. Energy efficiency of municipal buildings.	Law on Energy Efficiency, Law on Energy from Renewable Sources (SG, No. 15 of 15.02.2013, in force from 15.02.2013) Rural Areas Development Programme	As at 31.12.2012 143 financed projects standing at BGN 59.1 million. Loans – BGN 40 million. Saved energy - MWh/year – 85.833.	Energy to be saved in 2013 (85 833 MWh/y) 24 supported projects in 2013 in the amount of BGN 5.3 million (loans and guarantees)	Expected benefits from the implementation of the projects of FEERES as of 31.12.2012 Expected annual economy of funds – BGN 13 352 425 per year; Expected annual saving of energy - 85 833 MWh/y;	Insufficient number of applicants and low quality projects.	In 2013 FEERS – loans amounting to BGN 4 million, private investment – BGN 1.3 million.	Raising energy efficiency by promoting it in an economically efficient way. Raising competitiveness by reducing energy intensity.	MEET	IN PROGRESS



1	2	3	4	5	6	7	8	9	10	11	12	13	14
								Expected annual saving of CO2 emissions -70 .					
		NT 3 (2): for Energy Efficiency and RES Credit Facility (EERESCF)	Promote the implementation of RES technologies. Savings of greenhouse gas emissions.	Provision of grants/subsidies 15%-20% of the amount of the loan and consultancy assistance for project development, financing and implementation. Projects for energy efficiency and for small RES are assisted.	Law on Energy Efficiency, (SG, 12.03.2013, No. 24 in force from 12.03.2013 ). Law on Energy from Renewable Sources (SG, No. 15 of 15.02.2013, in force from 15.02.2013)	Total number of financed projects – 209 in 2012 r. Saved energy, MWh/y – 1 011 718	The implementation of the schemes continues through 2013.		Insufficient number of applicants and low quality projects.	In 2012 the total value of the projects stands at BGN 388.2 million. Loans in the amount of BGN 233.7 million. Grants stand at BGN 58.3 million.	Raising energy efficiency by promoting it in an economically efficient way. Raising competitiveness by reducing energy intensity.	MEET (ASED, MoF, MEW, MRDPW, MAF)	IN PROGRESS
		NT 3 (3): National Energy Efficiency Strategy	A long-term vision for raising the energy efficiency and the competitiveness of the economy.	Development of the Strategy.	Law on Energy Efficiency, (SG, 12.03.2013, No. 24 in force from 12.03.2013 ).	An update of the data base for the condition of energy efficiency in the country as a whole and by sectors/end users of energy- was performed. A draft of the Strategy was developed.	The draft Strategy will be submitted to the CoM till the end of May, and to the NA – till the end of December 2013.	Pollution and CO2 emissions to be reduced to 2020: in sector Industry - 1 329 ktCO2; sector Transport - 1 119 ktCO2 ; sector Households – 657ktCO2; sector Services – 417 ktCO2 ; sector Agriculture – 66 ktCO2 Total for the economy – 3588 ktCO2	Changes in the EE legislation .		Increased competitiveness and reduced energy intensity; greater energy security, improved environment, improved health of the nation, created new jobs, raised energy comfort of low-income households.	MEET(ASED)	IN PROGRESS
	A) 16% RES share of gross final use of energy	NT 3-A (1): Building of small RES installations.	Promote the consumption of energy from RES. Improve energy efficiency and reduce the pressure on environment.	Provide for streamlined procedures in LERS and the Law on Spatial Development (LSD) and in secondary legislation for the construction of small RES installations.	Law on Energy from Renewable Sources (SG, No. 15 of 15.02.2013, in force from 15.02.2013) Law on Spatial Development (SG, No. 24 of 12.03.2013) Law on Energy (SG, No. 20 of 28.02.2013)	Simplified procedures provided for in LERS, LSD and secondary legislation and in LE. The ordinance for streamlining the procedures of connecting to the grid of small RES installations was drafted.	Secondary legislation needs to be amended and supplemented with a view to streamlining the procedures of connecting to the grid of small RES installations, mounted on roofs and fronts of buildings for the purpose of generating energy for own consumption.		The transmission and distribution system operators fall short of funds for investment in upgrading the network infrastructure. Lack of funds for building small RES installations.		Improved EE in the households and the economy at large and reduced pressure on the environment.	MEET (MRDPW , MAF)	IN PROGRESS
	C) Increasing energy efficiency by 25% by 2020.	NT 3-C (1): Investment in energy saving technologies and use of RES in the enterprises.	Reducing the energy intensity of production. Promoting private investment in green industry.	Procedures Energy Efficiency and Green Economy and Investments in Green Industry under OPDCBE. Rendering financial assistance for introduction of energy saving technologies and improvement of energy management.	OPDCBE	A call for proposals for Investments in Green Industry launched on 17.11.2011. In 2012 - 30 concluded contracts standing at BGN 77 million. A call for proposals for Energy Efficiency and Green Economy launched on 28.06.2012. A total of 21 project proposals lodged in 2012 and are now being considered.	Implementation of the projects under the procedure for Investments in Green Industry. The project selection under call for proposals for Energy Efficiency and Green Economy will continue till 31.10.2013. A total of 332 enterprises will be supported till 2015.		Risk of insufficient number of projects. Risk of low quality of project proposals. Risk of shortage of co-financing funds for implementation of the projects	BGN 362.4 million under OPDCBE (BGN 308 million – from ERDF and BGN 54.4 million – national co-financing)	Reduced negative impact of the enterprises on environment; Increased number of energy efficient technologies/processes/solutions in the enterprises. Increased resource efficiency.	MEET (MA of OPDCBE)	IN PROGRESS
		NT 3-C (2): Energy efficiency of households, residential sector and administrative buildings of state and municipal administration.	Energy efficiency of administrative and residential buildings, including increased use of RES. Use of energy efficient home appliances	Programme REECL Financial incentives for purchasing of energy efficient appliances and equipment for the households. Extension of low-interest loans, bank	Law on Energy Efficiency, (SG, 12.03.2013, No. 24 in force from 12.03.2013 ). Housing Renovation Fund (HRF) OPRD 2007-2013	Grants/subsidies are provided under REECL constituting 20%-35% of the loan amount and the consultant assistance for project development, financing and implementation.	The total number of projects is foreseen to reach 50 000 till 31.07.2014. A new programme for promotion of the demand for energy efficient domestic	130 ktoe/a must be reached by 2020, growing by –15 ktoe/a, every year after 2012.	Insufficient number of applicants and low quality projects. Insufficient interest of the owners of buildings in obtaining loans. Renovated buildings	BGN 1.05 million per year from the budget of MEET under the programme Raising Energy Efficiency and Protecting the Environment for	Achieved energy savings and improved household comfort. Energy saving in renovated residential and public buildings and reduced green-	MEET, MRDPW	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
			by the households.	guarantees and grants for energy efficiency measures in multi-family residential buildings in 36 municipalities in urban agglomerations. 67 cities will be supported in the next programming period 2014 – 2020, according to the National Spatial Development Concept Paper	OP Regions of Growth 2014-2020	36 300 projects financed by 31.12.2012 and energy saved -162 000 MWh/year under REECL Programme. The conditions for provision of HRF were approved by the MB of Corporate Commercial Bank AD on 08.8.2012. 2 contracts under OPRD were concluded in April 2012.	appliances and equipment will be developed for the next programming period 2014 - 2020. HRF will continue operating till 20.03.2022. The 2 contracts will end during the second quarter of 2015. The OP for 2014-2020 needs to be approved by the European Commission in December 2013.		which do not satisfy the requirements. A too big number of owners of a building where part of them hamper the participation of the building in the scheme.	2013-2015 . In 2012 – loans in the amount of BGN 110 million and grants in the amount of BGN 48 million. HRF: BGN 13.47 million under OPRD (ERDF–BGN 10.58 million and BGN 2.89 million national co-financing) and attracted private co-financing from CCB (the bank managing the Fund)-BGN 1 million. For the 2 contracts under OPRD – BGN 95 million under OPRD (ERDF – BGN 42.5 million and BGN 7.5 million national co-financing) and BGN 45 million – private contribution. Depending on the future budget of OP Regions of Growth 2014-2020 and the allocation by priority axes and investment priorities.	house gas emissions. Improved ambient air quality in the urban areas.		
		NT3-C (3): Energy efficiency in the municipal and state educational infrastructure	Raise the energy efficiency of the municipal educational infrastructure for development of sustainable urban areas and achievement of sustainable local development.	Implementing energy efficiency measures. Scheme Assistance for Energy Efficiency of the municipal educational infrastructure in 178 small municipalities and Assistance for Energy Efficiency of the municipal educational infrastructure in urban agglomerations. Scheme Assistance for building appropriate and profitable infrastructure of the higher schools in the urban agglomerations.	OPRD 2007- 2013	2012-2013 implementation of 114 contracts. As of December 2012 40 contracts for educational infrastructure in urban agglomerations were being implemented (4 projects had been completed) and 61 projects for educational infrastructure in 178 small municipalities were being implemented (8 project had been completed). 13 contracts for state educational infrastructure were being implemented under OPRD as of December 2012 and 2 contract had been completed by that date.	Completion of the contracts till March 2014.		Delays in the implementation of the contracts caused by the beneficiaries.	For the two schemes under OPRD for municipal infrastructure: BGN 123 million for schools in urban agglomerations (BGN 105 million from ERDF and BGN 18 million national co-financing) and BGN 51 million for schools in 178 small municipalities. (BGN 43.4 million from ERDF and BGN 7.6 million national co-financing) for state infrastructure: BGN 43 million (BGN 36.5 million from ERDF and BGN 6.5 million national co-financing).	Projected value of saved energy: 103 641 MWh/y. Improved quality of education.	MRDPW	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		NT 3-C (4): Development of integrated city transport	Creating faster and more efficient city transport, consuming less energy, construction of more accessible secondary infrastructure of the public transport networks and implementation of environment-friendly types of city transport	Building transport infrastructure. Supply of transport vehicles and construction of smart transport systems in the development of the public city transport in Sofia, Burgas, Plovdiv, Varna, Ruse, Stara Zagora and Pleven.	OPRD 2007-2013 OPRD 2014-2020	5 contracts signed by the end of June 2012. 2012-2013 – on-going implementation of 7 contracts in the seven large cities in Bulgaria	2013-2015 on-going implementation of the projects under OPRD 2007-2013. Till the end of August 2015 – completion of the contracts under OPRD 2007-2013. Approval by the European Commission of OPRD 2014-2020 – December 2013.		Risk of delays of the beneficiaries in implementing the contracts.	BGN 410 million under OPRD 2007-2013 (ERDF – BGN 349 million, national co-financing - BGN - 61 million). BGN 433, n OPRD 2014-2020 (BGN 368.3 million from ERDF and BGN 64.9 million national co-financing)	Ensured better conditions of life and social integration by raising the living standards.	MRDPW (7 municipalities under OPRD 2007-2013 and 35 municipalities under OPRD 2007-2013)	IN PROGRESS
	D) Increase of the levels of greenhouse gas emissions (apart from ETS) by No. more than 20% in 2020 compared to 2005.	NT 3-D (1): Law on Climate Change Mitigation (LCCM)	Regulate social relations relating to the implementation of policies connected with climate change – powers and obligations of the competent authorities and of the private entities.	National inventory of greenhouse gas (GHG) emissions and of the flexible mechanisms. Conducting auctions for GHG emission allowances in the third period of the EU (2013 – 2020). Transitional free allocation of allowances to the operators of installations, participants in the ETS and for upgrading of electricity generation; Making use within EU ETS of credits from projects for reduction of GHG emissions; Institute rules for emission monitoring and reporting by operators of installations and operators of aircrafts. Enforce the obligation for producers and importers of liquid fuels for transport vehicles to achieve till 2020 a reduction of GG emissions per unit of energy of supplied fuels by 6% compared to EU average in 2010; Scheme for voluntary reduction of emissions.	UN Framework Convention on Climate Change (UNFCCC) The Kyoto Protocol Law on Protection of Environment Directive 2003/87/EC. Directive 2009/29/EC Regulation (EC) No. 1210/2011	The draft law was developed in 2012 and approved by the Council of Ministers on 14 November, 2012. It was submitted to the National Assembly on 21.11.2012.	The draft law is to be put for discussion at first and second reading at the Parliament before the end of the second quarter of 2013.	Reduction of GHG emissions per unit of energy throughout the entire life-cycle of supplied liquid fuels by 6% compared to EU average in 2010.	Delayed implementation due to impossibility for the NA to enact the law on time.	The revenue from trading in GHG emissions allowances will be placed on demand deposits, which will have No. direct impact on the state budget.	Development of low-carbon and resource-efficient economy.	MEW	IN PROGRESS
		NT 3-D (2): Development of integrated city transport	Create more efficient and speedy city transport, less energy consuming, build more accessible infrastructure for public transport networks and introduce environment-friendly types of city transport.	Building transport infrastructure. Supplying transport vehicles and building smart transport systems for the development of city transport in Sofia, Burgas, Plovdiv, Varna, Ruse, Stara Zagora and Pleven.	OPRD 2007-2013 OPRD 2014-2020	5 contracts concluded by the end of June 2012.. 2012-2013 – implementation of 7 contracts in the largest cities in the country.	2013-2015 implementation of the projects under OPRD 2007-2013. Till the end of August 2015 – completion of the contracts under OPRD 2007-2013. Approval of OPRD 2014-2020 by the European Commission - December 2013.		Risk of delays of the beneficiaries in implementing the contracts	BGN 410 million under OPRD 2007-2013. (ERDF – BGN 349 million, national co-financing - BGN 61 million) BGN 433.2 million under OPRD 2014-2020 (BGN 368.3 million from ERDF and BGN 64.9 million national co-financing).	Ensured better conditions of life and social integration by raising the living standards of the people.	MRDPW (7 municipalities under OPRD 2007-2013 and 35 municipalities under OPRD 2007-	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NT4:Education		NT4 (1): Carrier counseling in the secondary education	Improve life-long learning, improve the quality of education and reduce the number of early school leavers.	Project System for Carrier Orientation in the School Education System. Development of a system of 28 specialized units for carrier counseling. Carrier orientation teaching in schools.	OPHRD	The project started in 2012. 150 carrier counselors hired. A syllabus for carrier orientation developed – 01.10.2012.	Development of guidelines on how to organize carrier orientation - March 2013. 150 carrier counselors to be trained by the end of May 2013 on how to conduct carrier orientation classes. 160 000 students to pass carrier orientation classes in school during the first half of 2013. Construction and repair of buildings and supply of office equipment for furnishing of 28 carrier orientation centers.		Insufficient number of students using the services of the carrier orientation centers; insufficient administrative capacity of the centers.	In 2012-2013 BGN 0.6 million from ESF and BGN 0.1 million national co-financing.	Orientation of the secondary education to the labour market.	MEYS 2013)	IN PROGRESS
		NT 4 (2) Practical training in the professional education.	Improve the links between education and business.	Improving the quality of professional education and training (PET) by gearing the system of vocational education and training to the labour market demand. Project BBBGGG051PO001-3.3.07-0001 Student practices	OPHRD	The project started in 2012 r. Developed a WIS <a href="http://praktiki.mon.bg">http://praktiki.mon.bg</a> Preliminary study conducted of the readiness of the system of PET for inclusion in the project - 343 schools expressed willingness to participate in the system of PET. The employers registered in module Registration of employers - – 2325 companies.	The module Registration of Schools starts in 2013. The publication of notices by the employers is to begin as well. Conducting practices in real work environment for almost 10 000 students. The first sectoral conference with the business will be convened. The mentors will be trained. Number of students to be included in student practices - 50 670.		The challenges are associated with the need to improve the quality of practical training.	Project under OPHRD – BGN 32.9 million, of which BGN 28 million from ESF and BGN 4.9 million national co-financing. Projected expenditure for 2013 – BGN 7 million from ESF.	Facilitated transition from school to work.	MEYS	IN PROGRESS
		NT 4 (3): Improvement of the system of inspecting of education.	Improve the quality of school education.	Analysis of international practices. Development of a methodology for training the school inspectors. Legislative changes (secondary legislation). Procedure Improving the system of inspecting the school education.	OPHRD	The implementation of the project commenced in 2012. International practices of inspections of educational institutions were explored. The methodologies for training of inspectors for the system of secondary education, together with training materials were developed. A contractor was selected to implement the project Analytical and Information Support for Testing the Model of Inspections to be performed in the System of Education .	Selection of 15 pilot municipalities and Regional Inspectorates of Education (RIEs) and 1000 schools and kindergartens where the model will be tested; and 120 inspectors will be trained during the second quarter of 2013. Development of a Web-based platform and portfolio of a school – third quarter of 2013. 360 000 students will be inspected according to the new model by applying the improved state educational standard (SES) for the inspections.		Necessity to compare the results from the external evaluation with the results from the inspection carried out of the educational establishment according to the new model.	BGN 1 million from ESF and BGN 0.2 million from national co-financing.	Development of the basic skills of the students and better international performance.	MEYS	IN PROGRESS
	A) Reduction of the share of early	NT 4-A (1): Full-day organization	Improve the quality of the	Development of a framework annual	LAS the Law on People's Education in	Art.26 (5) of the Law on People's Education is in	Article 100 of the draft of the LPSE provides		Insufficient capacity and low quality of	From the State budget for 2012-	Ensured conditions for better quality of	MEYS	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
	school leavers from 11% till 2020	of the educational process in the centre schools.	educational process in the centre schools. Develop basic skills.	programme for full-day organization of the educational process. Regulating the term and conditions for the full-day organization of the educational process for the school children in grades 1 through 8. NP The School – a Student Territory - 2012, module Assistance to the Full-Day Education of the School Children at the Elementary Level.	force from 01.01.2013. OPHRD CoM Decision No. 310 of 20.04.2012	force from the 2010/2011 school year and refers to the full-day organization of the study process of school children from 1 through 8 grades, when they live in settlements without centre schools in them. During the school year 2011/2012 – 87 679 pupils involved in full-day organization in 3 643 groups. During the school year 2012/2013 as of 30.09.2012 - 95 988 pupils involved in full-day organization in 4 067 groups. As from the beginning of the 2011/2012 school year the schools have provided conditions for full-day organization for pupils from the second grade as well. A SES for full-day organization of the study process was developed in compliance with the new LPSSE. 91 school projects have been financed.	for the opportunity for full-day organization of the study process for all students, whose parents wish so. The objective is to cover 136 000 students from 1 through 8 grade in No. less than 700 centre schools. A system for tracing the educational results of the students and analyzing the achievements is to be developed till September 2013. The teachers and pedagogical specialists will be trained in applying the model of full-day organization of the study process – deadline September.		the study process; lack of interest on the part of the parents of children from vulnerable groups.	2013 BGN 90.9 million for full-day organization under article 26 (5) of the Law on People's Education. OPHRD 2012-2014 - BGN 143.3 million from ESF and BGN 28.7 million national co-financing for development of SES and training of teachers. National financing for 2012 –BGN 0.8 million for the module.	school life. Conditions guaranteed for permanent full-day organization of the study process in renovated, well furnished and equipped facilities for activities by interests.		SS
		NT 4-A (2): Compulsory pre-school education	Involve the children in the educational system at an early age. Develop their basic skills.	Make additional investment in infrastructure and human resources to ensure pre-school education in certain municipalities.	LAS for the Law on People's Education in force from 01.01.2013 OPHRD Draft of LPSSE	According to the Additional and Final Provisions of the LAS for the Law on People's Education, the compulsory pre-school education starts at the age of 5, and before the beginning of the 2012/2013 school year 675 schools have ensured the necessary conditions for it. The remaining children of this age are educated in 2025 kindergartens. Development of SES for pre-school education from the age of 4 years. Training of staff and ensuring conditions for the education in schools and kindergartens.	After the new LPSSE is enacted, the pre-school education will start at the age of 4 from the 2016/2017 school year, the objective being at least 90% of children of this age to be covered by the system.		The conditions for pre-school preparation are ensured by the municipalities through the delegated budgets and with own resources, but there is a risk that not all municipalities will be able to ensure the conditions simultaneously.	In 2012-2013 funds from the state budget for maintenance of the pre-school preparation of 5-year olds: BGN 152.1 million (delegated budgets for the municipalities), and BGN 30 million for capital improvement expenditures for the two-year period.	Higher performance of students.	MEYS	IN PROGRESS
		NT 4-A (3): Additional classes with children with learning difficulties	Differentiated care for the personality development of children, depending on their capabilities and interests. Development of basic skills.	Provision of additional classes to children from the preparatory groups and additional classes to children from elementary and pre-high-school level National Programme With Care for Each Student, The Project - Success	Secondary legislation to the Law on People's Education Draft of LPSSE OPHRD Order No. PД 09-1577/12.10.2012 and Order No. PД 09-1727 with instructions for implementation of the project activities by MEYS	The Programme With Care for Each Student for the 2011/2012 school year is divided into three modules – participation of talented students in Olympiads (3000 student); extra-pre-school education of children from the preparatory groups; and additional education for children from the elementary and pre-high-school levels in	The impact of the Programme will be evaluated by mid-2013. The project is for a period of three years and it foresees activities to be implemented during the 2013/2014 school year.		The participation in programme With Care for Each Student is based on the national external performance assessment.	The overall budget of the programme With Care for each Student is BGN 2 million for the 2011/2012 school year. Project Success – BGN 195.6 million, of which BGN 166.2 million from ESF and BGN 29.3 million national	Increased knowledge and skills and improved prospects for success of the young people. Social inclusion; Access to the extracurricular forms of activities, available in the schools across the country, where students needing additional support to	MEYS	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
						<p>the so called "preparation class" (1000 students); for better performance in elementary and pre-pre-high-school level (5000 students).</p> <p>Under project Success the approved budget for the school year 2012/2013 is for 1 303 approved schools, 15 042 extracurricular and out-of-school activities and for 177 696 students from grades 1 through 12.</p>				co-financing for 2012-2014. Allocations for the extra classes under the project SUCCESS for the 2013/2014 school year – BGN 34.6 million.	overcome aggressive behaviours are included with priority.		
		NT 4-A (4): National Strategy for reduction of early school leaving	Improve the coordination and interaction between the institutions in pursuance of the policy of fighting early school leaving.	Overall monitoring of the process by making detailed analyses of data, defining long-term policies and working with teachers, students, parents and local communities.	Council recommendation of 28.06.2011 on policies to reduce early school leaving	The draft of the strategy is ready. It was submitted to an institutional discussion in October 2012 within the WG. It is now being discussed with NGOs and other stakeholders.	The Strategy is to be adopted in 2013. An Action Plan should be adopted 6 months after the Strategy.	Objective of the strategy – to reduce early school leavers to less than 11%.	Delaying the adoption of the Strategy.	Within the Ministry of Education, Youth and Science's budget for salaries of the staff. There are No. additional expenditures budgeted for remuneration of the members of the working group.	Improved overall level of the skills.	MEYS	IN PROGRESS
		NT 4-A (5): Reintegration of drop-outs into the educational system	Reintegration and prevention of repeated dropping out.	<p>Identification of drop-outs by regions and types of schools.</p> <p>Provision of books and aids free of charge.</p> <p>Work to be performed with the parents of drop-outs.</p> <p>Applying a mechanism of prevention of repeated dropping out.</p> <p>Scheme for reintegration of drop-outs into the educational system.</p>	OPHRD	19 contracts signed with schools, foundations, associations. 2 500 drop-outs involved in measures for reintegration in the educational system.	<p>At least 740 students to be reintegrated till the end of 2013.</p> <p>At least 1 000 drop-outs must be reintegrated into the educational system till the end of the projects (10.2014).</p>		Short-term effect on dropping out	BGN 2.9 million, of which BGN 2.5 million from ESF and BGN 0.4 million national co-financing.	Raised knowledge and skills of the young people, preparing them for social economic inclusion.	MEYS	IN PROGRESS
		NT 4 –A (6): Improvement of the facilities in the educational institutes	<p>Improve the quality of education.</p> <p>Improve the access to education for the disadvantaged groups.</p>	Construction, reconstruction, repair, equipment and furnishing of the educational institutions - nurseries and kindergartens, elementary, primary, secondary schools and higher institutes (including classrooms, libraries, laboratories, sports facilities, internet connections, etc.).	<p>State Budget Act 2013</p> <p>OP Regions of Growth and OP Science and Education 2014-2020.</p>	<p>From the State budget – repair works in 132 schools in 2012.</p> <p>The draft of OP Regions of Growth was adopted on 18.12.2012 at the 6<sup>th</sup> session of the thematic working group.</p>	<p>From the State Budget – an average of 330 schools per year in the period 2013-2015. (14 % of all comprehensive and professional schools)</p> <p>Under OP Regions of Growth - financing of educational institutions in 67 cities (IPURD) and OP Science and Education – outside the 36 urban areas.</p>		<p>Insufficient funding available from the state budget.</p> <p>Lack of capacity of the schools to participate in the project selection procedure under the OP for 2014-2020.</p>	<p>Programme 3: Ensuring the Educational Process by MEYS – BGN 3.1 million per year for the period 2013-2015, depending on the future budget of OP Regions of Growth for 2014-2020 and on the allocation between the priority axes and investment priorities.</p>	<p>Developed modern methods of teaching in the schools.</p> <p>Created opportunities for full-day organization of the study process.</p>	MRDPW, MEYS	IN PROGRESS
	B) Target for the people aged 30-34 with completed higher education – 36% till 2020.	NT 4-B (1): Develop a Bulgarian University Ranking System	Quality of higher education. Retention of students in the educational system and relations with	Updating the ranking system. Project Development of a university ranking system.	OPHRD Orders of the Head of MA No. PД09-67/18.01.2012 and No. PД09-68/18.01.2012.	The project commenced in April 2012. It is foreseen to involve the academia, the business and other stakeholders. It will encompass all 51	The project ends in October 2014. 3 sociological surveys will be conducted. In the period of implementation the ranking		The financing of the state higher schools will be dependent inter alia on the ranking system.	BGN 3 million from ESF and BGN 0.5 million national co-financing.	Better realization of university graduates on the labour market. A system for monitoring and	MEYS	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
			labour market.			higher schools (state and private), more than 650 specialties in 52 professional fields.	system will be updated three times. Minimum 51 experts will be trained.				quality assessment of higher education will be put in place in Bulgaria.		
		NT 4-B (2): Student scholarships and student loans for equal access to education	Improve the quality of higher education. Expand the access to higher education and retain the students in the educational system .	Project Student scholarships under OPHRD . Scholarships are granted from the state budget under the programme Student Support. Bank loans are extended to students for the purpose of sharing the costs for their education with the state.	OPHRD Law on providing Credits to Students and Doctoral Candidates (LPCSDC) CoM Decision No. 58/01.02.2013 for issuing sovereign guarantee for 2013 pursuant to NPCSDC.	Under the OPHRD project in the period February-August 2012 the Euroscholarships paid to the 30 366 students stood at BGN 18 million and rewards given to 9 688 students stood at BGN 2 million. The third phase of the project 2012-2014 started in December 2012 , standing at BGN 65 million. Draft of a Law to amend and supplement LPCSDC was prepared in the fourth quarter of 2012 with the aim of improving the system of provision of student loans. The loans extended as of 31.12.2012 were 10 434 loans under LPCSDC. The three banks participating in the programme as of 31.12.2012 have extended student loans standing at BGN 48.9 million.	From the state budget for the period 2013-2015 22000 Bulgarian students will receive scholarships, BGN 450 for 2 200 Bulgarian and foreign students and doctoral candidates in 2013 and 2 300 in 2014-2015. The results of the implementation of the system of extending loans to students and doctoral candidates in 2010-2012 will be analyzed during the second quarter of 2013 and a draft of a CoM decision will be prepared for the approval of the state guarantees for 2014 pursuant to LPCSDC; A total of 3 620 loan contracts will be concluded pursuant to LPCSDC till the end of 2013, standing at BGN 17.7million.		Technical risk may occur of extending more than one student loan pursuant to LPCSDC by different banks to the same student. There is also risk of failure of part of the borrowers to repay the loans under LPCSDC.	For project under OPHRD for 2011-2012 – BGN 38.6 million (of which BGN 32.8 million from ESF and BGN 5.8 million national co-financing), and for 2012-2014 to the end of the project – BGN 65 million (of which 55.3 million from ESF and BGN 9.8 million national co-financing) Pursuant to LPCSDC, from the state budget for 2010-2012 – BGN 160.6 million, and for 2013 – BGN 80.5 million.	The costs on education are shared between the state and the students and conditions are created for equal access to higher education and for improvement of the quality of education.	MEYS	IN PROGRESS
<u>NT 5: Poverty</u>		NT 5 (1): Accessible social, health and institutional environment	Improve the health and social infrastructure.	Accessible architectural environment at Social Assistance Directorates of SAA. Reconstruction/renovation/equipment of medical and social facilities which are municipal and state ownership and of modern social housing. Improvement of the access of disabled people.	National Strategy for Alleviation of Poverty and Promotion of Social Inclusion 2020, adopted by the CoM on 06.02.2013. OPRD 2007-2013 OPRD 2014-2020.	19 projects are underway for reconstruction/renovation and equipment of municipal medical facilities in the urban agglomerations under OPRD. Another 20 projects are being implemented for reconstruction/renovation of the buildings of the Social Assistance Directorates of SAA under OPRD (2 projects started in 2012) 2 projects for construction of modern social housing have started in June 2012 and January 2013.	The currently implemented projects will be completed by the end of 2015. OPRD for 2014-2020 is to be approved by the European Commission in December 2013.		At this stage – the timely adoption of the regulations under the CSF and approval of the draft of OP Regions of Growth 2014-2020.	OPRD 2007-2013 for projects of SAA – BGN 105.5 million for construction of municipal healthcare infrastructure and social housing. The future financing will depend on the budget to be allocated to OP Regions of Growth 2014-2020 and the allocation among priority axes and investment priorities.	Improved quality and access to medical treatment and social services.	MRDPW	IN PROGRESS
		NT 5 (2): Improvement of the housing conditions of the vulnerable groups and support to the homeless people.	Provide easier access to houses for low-income households.	Creating a statistic data base about homeless people. Ensuring access to social housing; Introducing a new social service Social hostel. Creating integrated inter-sectoral services for the homeless,	National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 OPRD OP Regions of Growth 2014-2020.	12 temporary shelter centers with capacity 611 beds, 595 beds occupied as at 31.01.2013. A report drawn up on the introduction of the new service Social Hostel. As of 01.2013 - 3 projects for modern social houses for accommodation of	A project for modern social houses under OPRD will commence during the third quarter of 2013. Assistance for securing modern social housing will be also rendered under OP Regions of Growth 2014-2020.		Insufficient financial resources for providing new types of services and for making the existing ones sustainable. Delays in the implementation of the projects by the beneficiaries of	Budget allocations for maintenance of the temporary shelter centers BGN 1.47 million for 2013.	Improved access to social services and reduced number of homeless people.	MLSP and MRDPW (MH, MEYS, MoF, SAA, municipalities)	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
				including for begging children and adults.		disadvantaged groups under OPRD.			OPRD.				
		NT 5 (3): Creation of enterprises in the social economy	Create a favourable environment for the enterprises and organizations of the social economy.	Create a Manual of the statutory rules in the area of social economy. Provide project support to newly established and existing enterprises in the social economy. Scheme Help at home; Solidarity; Chance for All; New Opportunities"; Social Entrepreneurship – Publicity and Support to Social Enterprises /pilot phase.	National Concept for Social Economy OPHRD	An initial study of the legal norms in the area of social economy was conducted. 260 projects were financed under OPHRD (173 new contracts were signed in 2012) for creation of 101 new social enterprises and support to the existing 171 enterprises). A Manual was prepared.	4 measures under OPHRD will continue through 2013 in support of social economy. New contracts will be financed under these measures.	21 200 persons have made use of the preferences in participating in flexible employment forms; 110 persons found employment in the sector of social economy under the scheme Solidarity. 4000 persons found employment in the sector of social economy under the scheme Help at Home and 8% passed from the sector of social economy to the labour market.	Insufficient interest on the part of all categories of entrepreneurs, insufficient financing.	Underscheme Social Innovations in the Enterprises –BGN 32.2 million from ESF and BGN 5.7 million from national co-financing	Improved quality of social services alongside with the assistance rendered for creation of new jobs.	MLSP (SAA)	IN PROGRESS
	A) Reduction of the number of children (aged 0-18 years) living in poverty by 78 thousand (i.e. by 25% compared to 2008).	NT 5-A (1): Assist the families with children.	Improving the quality of life and security of the families with children.	Providing assistance under the Law on Family Allowances for Children (LFAC) for pregnancy and for support of children until graduating the secondary school (but not after turning 20 years), allowance for raising a child and transport allowance for student's travel costs to school and back.	LFAC	Lump sum benefits for pregnancy – BGB 2.8 million (18 210 cases). Lump sum benefit for childbirth – BGN 25.8 million (68 614 children). Monthly allowance for a child until graduation from secondary school but not after the age of 20 – BGN 352.7 million (808 680 average number of children per month). Monthly allowance for raising children under the age one – BGN 26.7 million (21 733 children). Target allowance for free railway and bus transport to mothers of many children for free travel by rail or bus – BGN 1 million (14 921 children). Target benefit paid to school children – BGN 6.8 million (45 549 children). Assistance paid under LFAC in the amount of BGN 490.1 million.	Pursuant to the amendments made to LFAC in 2012: As from 1.09.2013 the monthly allowances to children until graduating secondary school shall be paid only subject to the condition that the child attends the statutory pre-school and school preparatory groups.	An average of 878 000 children to be assisted per year over the period 2013-2015.	Insufficient resources to pay the allowances as per LFAC.	Budget allocations under the Programme of MLSP Assistance for Families with Children for 2013-2015 – BGN 487.4 million per year.	Achieved sustainability and adequacy of the social transfers.	MLSP (SAA)	IN PROGRESS
	B) Reduction of the people aged 65+ living in poverty by 52 thousand (i.e. by 10% compared to 2008).	NT 5-B (1): Adequacy of pensions	Retain the purchasing power of the elderly population. Improve the adequacy of the pension system.	Updating the pensions for length of service and old age.	Law on the 2013 Budget of Public Social Insurance CoM Decree No. 332 of 20.12.2012.	Law on the 2013 Budget of Public Social Insurance adopted by CoM on 10.10.2012. Differentiated updating of the pensions for length of service as follows: Pensions allocated with start date prior to 31.12.2009 – by 9.8%; Pensions allocated with	As of 01.04.2013. the minimum size of the pension for length of service and age rises from BGN 145 to BGN 150; The maximum size of received one or more pensions rises from BGN 700 to BGN 770.; According to the differentiated updating the			Expenditures on pensions from the budget of public social insurance: 2013: 9.8% 2014: 9.8% 2015: 9.6% 2016: 9.3% (% of GDP)	Sustainability and adequacy of social payments.	MLSP (MoF, NSSI)	IN PROGRESS



1	2	3	4	5	6	7	8	9	10	11	12	13	14
						<p>start date from 1.01 to 31.12.2010 – by 8. 8%;</p> <p>Pensions allocated with start date from 1.01 to 31.12.2011 – by 5. 7%;</p> <p>Pensions allocated with start date from 1.01 to 31.12.2012 – by 2. 2%.</p>	<p>social old-age pension rises from BGN 100.86 to BGN 110;</p> <p>The pensions not associated with length of service, as well as allowances determined as percentage of the social old-age pension are also increased.</p>						
	<p>C) Reduction of employed people living in poverty (aged 18-64) by 52 thousand.</p>	<p>NT 5-C (1): Control of undeclared work.</p>	<p>Reducing the share of undeclared work and raising the quality of jobs. Promotion of primary labour market.</p>	<p>Training the staff of EA General Labour Inspectorate (EA GLI) in order to raise the quality of control. Strengthening the administrative capacity of the control function. Imposing sanction in cases where irregularities have been established.</p>	<p>Labour Code Healthy and Safe Conditions of Work Code, EPA, Law on Civil Servants, Plan for the Activity of EA GLI</p>	<p>Conducted 56431 inspections and inspected 40 347 enterprises, 97 % of which are SMEs. 9904 enterprises inspected in 2012 for the first time;</p> <p>Full risk assessment made for 35% of the enterprises in the hotel &amp; restaurant business. 85% of the inspected enterprises comply with the statutory requirements concerning the work conditions.</p> <p>258546 breaches of the labour laws were detected and 252338 compulsory administrative measures were imposed. Fines in the amount of BGN 18.7 million were imposed.</p> <p>547 employees of EA GLI were trained, 44 courses were delivered.</p>	<p>The targets for 2013 are: to increase by 2% the number of enterprises inspected for the first time; by 1% the number of inspections carried out; by 2% the enterprises showing improved quality of the risk assessments they have made; by 1% the number of enterprises complying with the statutory requirements concerning the work conditions; by 1% the workers working in conditions which meet hygiene standards and requirements; by c 1% the consultations for SMEs.</p> <p>The number of training courses will be increased by 3%.</p>		<p>Non-working enterprises.</p> <p>Temporary disability of the inspector.</p> <p>A challenge is also to achieve even coverage of the inspections by sectors and target groups of enterprises.</p>	<p>BGN 37.6 million under the programme Ensuring Adequate Work Conditions from the programme budget of EA GLI for 2012-2016.</p>	<p>Improved safety of work and adequately enforced labour legislation. Reduced share of undeclared work. Improved quality characteristics of the labour force.</p>	<p>MLSP (EA, GLI)</p>	<p>IN PROGRESS</p>

— MEASURES IN PURSUANCE OF THE FLAGSHIP INITIATIVES SET IN EUROPE 2020 STRATEGY, ANNUAL GROWTH SURVEY FOR 2013 AND OTHER

Name of flagship initiative/priority of AGS 2013/other	Sub-section	Number of measure and short name	Information on measures, launched and planned								Expected outcome		Responsible institutions	Status of the measure
			Description of main measures directly addressing the flagship initiatives	Objectives under Europe 2020 Strategy				Challenges/Risks	Impact on public finance	Effect on quality				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
AM 1 Innovation Union		AM1 (1): Integration of Bulgarian researchers and scientific organizations into the European research area (ERA).	Coherence of the national and European policies in the area of science. Internationalization of Bulgarian science.	Participation in COST initiative and 7 FP. Bulgaria signed an agreement for joining COST. Support of actions with Bulgarian participation. Conclusion of financial support agreements under 7FP, co-financed through Scientific Research Fund.	Strategy for Development of Research 2020 r.	-EUR 16 million attracted funds, 150 researchers participated in 83 projects, 9 information campaigns. 140 actions with Bulgarian participation were conducted under COSR initiative till the end of 2012. 375 contracts signed under 7FP and 130 projects of bilateral cooperation financed. Sessions of bilateral cooperation with 3 more countries carried out since the beginning of 2013.	Implementation end date - 2020. The target under COST initiative for 2013 is – 60 new projects where Bulgaria will participate. The objective is to have proposals lodged for 3000 projects, 400 of them – contracted and 160 projects for bilateral cooperation in 2013.	Assessment of the contribution made to achievement of Europe 2020 objectives	Low activeness of the Bulgarian scientific organizations in the tender sessions; impossibility to ensure relevant national co-financing.	COST included 15 new actions per year for ensuring national co-financing in the amount of BGN 1 million/y. Under 7 FP: BGN 32 million from the European Commission and 0.7 million per year from the state budget. For bilateral cooperation – EUR – 0.85 million per year from Scientific Research Fund.	Improved scientific potential. Improved science infrastructure and attracted investment for R&D. Stable partnerships established.	MEYS	In progress	
		AM 1 (2): Internationalization of SMEs.	Raise the competitiveness of the Bulgarian companies. Develop the potential for innovations.	Support for Bulgarian SMEs to participate in the Initiative Eureka and the Eurostat Programme, part of this initiative, as well as in the European network of enterprises.	CoM Decision 658/2009 – concerning Eureka and Eurostat Programme CIP Programme of the European Commission for assistance to the network of enterprises.	Information campaigns about Eureka and Eurostat conducted in 5 cities during the fourth quarter of 2012. 8 project proposals lodged under Eurostat throughout the whole 2012. 2012 - 214 SMEs participated in local and regional events, 25 SMEs participated in company meetings for the first time, and 5 SMEs received international innovative support.	10 participations and 10 projects are expected under Eureka in 2013. The 10 <sup>th</sup> session under Eurostat ends on 04.4.2013, the target is to have 10 project proposals lodged.		Lack of capacity of Bulgarian companies to apply under Eurostat Programme.	Budget allocations in 2013-2014 for participation in Eurostat – BGN 2 million and for Eureka membership due – BGN 0.03 million Budget allocations in 2013–2014 for participation in the European network of enterprises– at the expense of the European Commission – BGN 0.014 million and at the expense of MEET– BGN 0.09 million.	Cooperation with European enterprises and research organizations.	MEET (EA Promotion of SMEs- EA PSME)	IN PROGRESS	
AM 2 Digital Agenda for		AM 2 (1): National Cybersecurity	Raise the credibility and security in the	Development of an institutional model	Digital Agenda for Europe,	Set up an interdepartmental working group to	The National Cybersecurity Strategy is expected		Lack of administrative capacity, poor	In 2013 budget forecast for MTITC	Short-term effect	MTITC	IN PROGRESS	

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Europe		Strategy	information society	for the cybersecurity policy drafting in Bulgaria	European Cybersecurity Strategy, National Programme Digital Bulgaria 2015.	draft proposals.	to be developed by 30.12.2013 in line with the European requirements.		coordination.	– BGN 0.1 million.			S
		AM2 (2): Next generation broadband electronic communication infrastructure for access.	Area 4: High-speed and super-high speed access to Internet. The process of construction of new NGA networks will be promoted and the existing ones will be upgraded in order to achieve the parameters laid down in DAE .	Development of National Plan for next generation broadband communication infrastructure for access .	National Programme Digital Bulgaria 2015. Preliminary conditionalities under Annex IV to the proposal for a Regulation on common provisions for the funds, covered by the Common Strategic Framework and institutions responsible for their implementation.	The development of the Programme starts in January 2013.	The development of ToR for public procurement procedure under the LPP will start by 28.02.2013. The National Plan for Next Generation Broadband Communication Infrastructure for Access is expected to be ready by 30.12.2013.		Lack of administrative capacity, poor coordination, delay in launching the call for proposals under LPP.	In 2013 budget forecast for MTITC – BGN 0.13 million.	Mid-term effect	MTITC	IN PROGRESS
		AM 2 (3): Broadband access in remote and less urbanized areas.	Overcome the digital division. Provide electronic administrative services.	Pre-investment study. Development of a mid-term framework programme and project fiches. Construction of optical infrastructure (networks of next generation) for certain municipalities.	OPRD	A project signed in May 2012 Development of Broadband Access in Bulgaria by building Critical, Protected, Secure and Reliable Public ICT Infrastructure Notification of state aid lodged with the European Commission on 20.02.2013.	Approval by the European Commission of the notification of state aid has to be given, before proceeding with the implementation of the project by launching calls for proposals under LPP. End date of the project – October 2015.		Lack of approval by the European Commission, delay of the response of the European Commission.	Possibly expenditures under the budget of EA Electronic Communication Networks and Information Systems (ECNIS) if there is a sanction by the European Commission for delaying the notification of state aid - BGN 39 million under OPRD (BGN 33.2 million from ERDF and BGN 5.8 million national co-financing)		MTITC (EA ECNIS) MRDPW	IN PROGRESS
AM 3 Resource efficient Europe		AM 3 (1): Third National Action Plan for EE 2014 – 2016.	Reduce the energy intensity of GDP. Reduce Bulgaria's dependence on import of energy and energy resources, raise the competitiveness of the national economy, reduce the costs on energy, protect environment.		Directive 2006/32/EC on energy efficiency of final use and energy services. National Strategy for Energy Efficiency of the RB.		Collection and processing of information necessary for the development of the Third National Action Plan for EE 2014-2016. Development of the Third National Action Plan for EE 2014-2016 till the end of the third quarter of 2013		Lack of administrative capacity, poor coordination.			MEET (ASED)	Π
AM 4 Promoting a return to growth and competitiveness today and tomorrow.		AM 4 (1): National Strategy for the Promotion of SMEs 2014-2020.	Enhance the policy and measures for promotion of SMEs.	Development of a new strategy to replace the existing strategy for 2007–2013, by adapting it to the Small Business Act.	CoM Decision on the development of the Strategy.	The Strategy is to be implemented over the period 2014-2020. The horizontal part of the Strategy has been developed to date fully adapted to the Small Business Act	The sectoral part of the Strategy will be developed by the end of March 2013 and the full version is to be ready by June 2013.		Lack of coordination between the institutions in the country.	Budget expenditures under Programme 2 Promotion of Entrepreneurship and Innovations from the budget forecast of MEET 2013-2015 – BGN 1.97 million.	The objective of the Strategy is to strengthen the SMEs in the country and to contribute to changing the structure of the sectors in the Bulgarian economy. The Strategy contains specific indicators measuring and comparing the progress of its implementation.	MEET	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		AM 4 (2): New Law on Fees	Reduce the administrative burden on businesses and citizens.	Performing an analytical review of the fee collection policies. Development of a concept paper for a new policy with respect to fees. Development of a methodology for cost-based pricing of fees.  Assistance for development of a common fee setting policy.	The concept paper for the new law on fees. (drafted under OPAC)  Methodology for cost-based fee pricing, adopted with CoM Decree No1/2012.	Project Fee setting Policy in Conformity with Social relations – a Condition for Good Governance.  The contract for implementation of the project was signed on 08.09.2011. Three of the activities under the contract were completed by December 2012.  Application of the methodology, development of estimates and drafts of statutory instruments, changing the tariffs for fees and charges which are not in compliance with the principle of cost-based pricing of the administrative services regulating the business activity (according to the scope of the Law on Limiting Administrative Regulation and Administrative Control over Economic Activity - LLARACEA) – up to 01.01.2013.  Instruction on the implementation of the Methodology, issued by the Minister of Economy, Energy and Tourism.	The expected results for the first quarter of 2013 are: analysis of the existing legislation on fees; recommendations for new policies with respect to fees; such a new policy developed; assessment of the socio-economic and public finance impact; assessment of the impact of the concept on the special legislation; ensured coordination between the institutions in the implementation of the new policy.	The implementation of the measure will contribute to making the economy more competitive.		Under OPAK – BGN 2 million, of which BGN 1.7 million from ESF and BGN 0.3 million national co-financing.	The implementation of the measure will help in developing a common fee policy. The enterprises will save between BGN 25.6 and BGN 102.3 million.	CoM administration (MEET, MoF)	IN PROGRESS
		AM 4 (3): Second Action Plan (2012-2014) for the reduction of administrative burden.	Reduce the administrative burden by 20% for the business in priority areas.	Implementation of two action plans for the achievement of the national target for reduction of the administrative burden by 20% in the first period - 2010-2012 and in the second period 2012-2014.	The First Action Plan for the reduction of administrative burden by 20% over the period 2010-2012, adopted with CoM Decision No235 of 23.04.2010.  The second Action Plan for the reduction of administrative burden over the period 2012-2014, adopted with CoM Decision No25/27.06.2012.	Under the first Action Plan – a report on the implementation of the measures under the plan is prepared at the end of each quarter and submitted to the CoM for approval. As at the end of 2012 83% of the measures under the first plan were implemented. They resulted in the business saving annually BGN 16.8 million.  As for the second plan: 55 measures were implemented by the end of 2012, thanks to which the business saved BGN 75 million per year.	A progress report will be drawn up and submitted to the CoM every six months in compliance with CoM Decision No25 of 27.6.2012.  The measures under the first plan, which were not fulfilled, will be carried over and reported under the second Action Plan (2012-2014).		Risk of delaying the implementation of some of the measures due to the shortfall of financial resources at some of the institutions responsible for the specific measure, or due to delays in making the relevant legislative changes.  Risk due to the lack of coordination of the decisions of the heads of the institutions responsible for the implementation of a measure.	Reduced administrative burden for the business by 20% and overall savings standing at appr. BGN 332 million, which may be used by the companies for their core business.	MEET (coordinator)	IN PROGRESS	
		AM 4 (4): Institutionalization of the regulatory impact assessment	Assisting the improvement of the statutory instruments.	Institutionalizing the regulatory impact assessment by developing a methodology for impact assessment and amending the Statutes of the CoM and its Administration (SCMA) and, adding a SME test.	Law to amend & supplement the Law on SME	Development of measures under priority No3 Think small first of SBA and the draft of the National Strategy for Promotion of SMEs	Law to amend & supplement the Law on SME. Preparation of preliminary draft of a methodology for an SME test – July 2013; discussion of the draft with the stakeholders – December 2013; Draft a statutory instrument 2014-2015 (depending on the adopted approach in the final version of the Strategy		The successful implementation of the SME test will depend exclusively on the success of the policy of “reasonable” regulation and on the institutionalization of the regulatory impact assessment process.	Budget expenditures within Programme 2 Promotion of Entrepreneurship and Innovations from the budget forecast for MEET for 2013-2015 – BGN 1.97 million.	Predictability of the legislative environment, implementation of the third principle of SBA – Think small first - for the development of a common policy on fees.	MEET	IN PROGRESS

1	2	3	4	5	6	7	8	9	10	11	12	13	14
							for Promotion of SMEs.						
		AM 4 (5): Support for integrated investment in the urban areas.	Sustainable integrated urban development.	Development of integrated plans for urban recovery and Development (IPURD), Joint European Initiative JESSICA, Promoting PPP for investing in the urban areas, Investment in urban environment under IPURD (other than energy efficiency, educational and social infrastructure and city transport).	OPRD 2007-2013  OPRD Regions of Growth 2014-2020	The development of IPURD for 36 municipalities started in 2012.  An agreement for financing the Fund for Sustainable Urban Development of Sofia EAD signed in May 2012.  On 19.12.2012 the European Commission adopted a decision on state aid notification of the scheme under JESSICA for Bulgaria.	Project proposals for development of IPURD for 31 municipalities (of levels 3 and 4) to be filed up to 30.04.2013 and the contracts signed up to 31.07.2013.  The contracts of 36 municipalities (of levels 1 and 2) to be completed and IPURDs of 31 municipalities (of levels 3 and 4) -submitted for approval up to - 31.12.2013.  End of contracts of 31 municipalities - 31.03.2014.  The implementation of the operational agreements with the two urban development funds continues up to .....  Approval of OPRD 2014-2020 by the European Commission - 12.2013		Insufficient interest on the part of private investors.	For IPURD BGN 28.6 million (BGN 24.3 million from ERDF and BGN 4.3 million national co-financing)  JESSICA – BGN 65.5 million (BGN 55.7 million from ERDF and BGN 9.8 million national co-financing)  Depending on the future budget of OP Regions of Growth 2014-2020 and the allocation by priority axes and investment priorities.	Contribution to ensuring better conditions of life to the citizens and social integration by raising the living standards and improving the quality of life of the urban communities.	MRDPW (EIB)	In progress
		AM 4 (6): Construction, rehabilitation and reconstruction of the regional road infrastructure.	Improve the conditions for growth and competitiveness by creating affordable and quality transport infrastructure.	Construction, rehabilitation and reconstruction of the first, second and third category roads used for intraregional connections or ensuring access to regions with potential for development of tourism.	OPRD 2007-2013 OP Regions of Growth 2014-2020.	Submission of new project proposals up to 31.01.2013;  Conclusion of new contracts – up to 30.03.2013;  2012-2013 implementation of 37 contracts concluded prior to 2013.	2013-2015 implementation of the contracts and by April all contracts have to be completed.  Approval of the OP by the European Commission – December 2013.		Delays in the implementation of the projects by the beneficiaries.	For on-going contracts: BGN 394.35 million (85% from ERDF and 15% national co-financing), for the contracts to be concluded: BGN 4.5 million (85% from ERDF and 15% national co-financing).  Depending on the future budget of OPRD 2014-2020 and the allocation by priority axes and investment priorities.	Creation of affordable and quality infrastructure and increase of the share of passenger and freight flows along TEN-T network.  Improvement of the regional mobility.  Protection of environment and efficient management of resources.	MRDPW	IN PROGRESS
		AM 4 (7): Silent consent in the registration regimes	Reduction of the number of court cases against the “silent refusal” in the registration regimes.	Initiation of legislative changes by all departments for regulation of the registration regimes, which they administer.	Amendments to the legislation - Law to amend and supplement LLARACEA.	Draft of the Law to amend and supplement LLARACEA (prepared by MEET – submitted to Parliament – pending second hearing)/.	Bringing secondary legislation in compliance with the Law.		The early parliamentary elections and the formation of the new NA		The time for starting new business initiatives and one-off deals will be shortened and the administrative burden for business reduced by 7-10% in excess of national target and the business environment will be improved.	MEET (CoM, MAF, MH, MEYS, MRDPW MEW, regional governors, municipalities).	IN PROGRESS

## Annex 2: Absorbed and Contracted Funds for financing measures related to the achievement of higher growth and more jobs, date from UMIS as of 29.03.2013 (BGN million)

Priority Theme Code	Priority Theme	Financing measures for higher growth and employment as of 29.03.2013 (BGN million)		Operational Programme
		Absorbed amount	Contracted amount	
01	RTD in research centres	25.3	73.6	OPDCBE
02	RTD infrastructure (including equipment, installations, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technological area	1.8	1.8	OPRD
03	Technology transfer and improvement of co-operation networks among small and medium-sized enterprises (SMEs), between SMEs and other enterprises and universities, higher educational establishments	0.8	15.3	OPDCBE
04	Assistance to research, technology and development activities (RTD), particularly in small and medium-size enterprises (including access to RTD services in the research centres)	9.4	79.6	OPDCBE
05	High-tech support services for enterprises and groups of enterprises	0.6	83.2	OPDCBE
07	Investment in companies directly linked to research and innovation (innovative technologies, establishment of new companies by universities, existing RTD centres and companies, etc.)	585.7	621.1	OPDCBE
08	Other investments in companies	207.2	491.5	OPDCBE
09	Other measures to stimulate research and development activities, innovation and entrepreneurship in SMEs	9.8	17.8	OPDCBE
12	Information and Communication Technologies (TEN-ICT)	3.7	38.7	OPDCBE
13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	7.2	19.0	OPAC
16	Railway transport	0.04	0.04	OPT
17	Railway transport (TEN-T)	203.7	757.2	OPT
21	Motorways (TEN-T)	559.8	1,253.7	OPT, OPRD
22	National roads	213.9	423.5	OPRD, OPT
23	Regional/local roads	86.5	87.2	OPRD
25	Urban transport	344.9	494.5	OPT, OPRD
26	Multimodal transport	358.8	547.9	OPT
28	Intelligent transport systems	0.1	183.5	OPRD, OPT
32	Inland waterways (TEN-T)	7.6	30.2	OPT
35	Natural gas	0.9	79.0	OPDCBE, OPRD
43	Energy efficiency, cogeneration, energy management	67.2	144.7	OPRD
44	Management of household and industrial waste	87.4	556.6	OPE
45	Management and supply of potable water	99.6	1,290.6	OPE
46	Waste water treatment	251.6	1,770.7	OPE
51	Promotion of biodiversity and nature protection (including Natura 2000)	39.2	291.7	OPE
53	Risk prevention (including development and implementation of natural disaster and technology risk management plans and measures)	55.2	130.7	OPRD
55	Promotion of natural resources	4.2	21.6	OPRD
56	Protection and development of natural heritage	2.6	5.0	OPRD
57	Additional assistance to improve tourist services	1.1	15.5	OPRD
58	Protection and preservation of the cultural heritage	36.9	195.0	OPRD
59	Development of cultural infrastructure	43.0	58.4	OPRD
60	Additional assistance to develop cultural infrastructure	7.2	15.0	OPRD
61	Integrated projects for urban and rural regeneration	209.2	229.3	OPRD
62	Development of life-long learning systems and strategies in companies; training and services for employees	106.8	232.1	OP HRD

Priority Theme Code	Priority Theme	Financing measures for higher growth and employment as of <u>29.03.2013</u> (BGN million)		Operational Programme
		Absorbed amount	Contracted amount	
63	Design and dissemination of innovative and more productive ways of organising work	0.9	12.6	OP HRD, OPRD
65	Modernisation and strengthening of labour market institutions	4.9	23.8	OP HRD
66	Introducing of active and preventative measures in the labour market	202.8	419.7	OP HRD
67	Measures for encouraging the active ageing and prolonging working life	8.2	22.6	OP HRD
68	Support for self employment and business start-up	5.2	22.00	OP HRD
69	Measures to improve access to employment and increase the participation and professional development of women	3.7	19.1	OP HRD
70	Increasing the participation of migrants in employment and thus strengthening their social integration	0.06	0.06	OP HRD
71	Pathways to integration and re-entry into employment for disadvantaged people: combating discrimination in accessing and progressing on the labour market as well as promoting acceptance of diversity at the workplace	147.5	198.5	OP HRD
72	Design, introduction and implementing reforms in education and training systems in order to develop employability, improving the labour market relevance of primary and vocational education and training, continuous updating skills of training personnel with a view to participate in an innovative and knowledge-based economy	70.6	222.2	OP HRD
73	Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of primary vocational and tertiary education and training	147.2	372.6	OP HRD
74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between higher schools, research centres and enterprises	16.2	100.7	OP HRD
75	Educational infrastructure	167.2	202.1	OPRD
76	Health infrastructure	16.7	214.7	OPRD
77	Childcare infrastructure	1.2	9.7	OPRD
78	Housing infrastructure	10.9	62.0	OPRD
79	Other social infrastructure	38.9	120.6	OPRD
80	Promoting the partnerships, pacts and initiatives through networking of relevant stakeholders	2.6	11.0	OP HRD
81	Mechanisms for improving policy, programme design, monitoring and evaluation	246.9	616.7	OPE, OPAC, OPTA, OPRD, OPHRD
85	Preparation, implementation, monitoring and inspection	77.4	254.5	OPE, OPAC, OPTA, OPRD, OPHRD, OPT, OPDCBE
86	Evaluation and studies, information and communications	26.0	82.1	OPAC, OPTA, OPRD, OPHRD, OPT, OPDCBE
	<b>TOTAL</b>	<b>4,834.1</b>	<b>13,242.0</b>	